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Possible Savings Through Changes in Local Government



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Possible Savings Through Changes

in Local Government



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Government in Texas is administered through more than 8,300 units, each of which has its own governing board, collects its own taxes, and renders one or more services. These units include the State itself, 254 counties, 580 cities and villages, 7,200 school districts, and 271 water and other districts. The counties and the schools are the units of concern in this study.

It is unquestionably true that educational advantages would be greatly improved by reducing the number of school districts. The State Board of Education has accepted the responsibility for preparing a reorganization plan for the public school system of each county. The resulting recommendations should be put into effect as rapidly as possible. In addition to the reorganization of districts, certain other changes are desirable. (1) The state apportionment and all other state money should be used to equalize and improve educational advantages over the State. This might be accomplished by withholding payment until certain minimum standards had been met. (2) Both the state and county superintendents should be appointed on the basis of merit and retained as long as their services are satisfactory. The chief saving to be realized from these recommendations should come from improvements in the school system. Although it would probably be possible to provide the present level of educational advantages at a lower cost, it is doubtful if any group would advocate this procedure.

The analysis of county expenditures reveals three important points: (1) Many of the smaller counties have insufficient resources to maintain adequate services without increasing costs tremendously as compared with those of the larger counties; (2) the plan of organization should be improved in all counties, regardless of size; and (3) the state should take an increased interest in and responsibility for the work performed in the counties. Such work includes budgeting; accounting and auditing; assessing and collecting taxes; creating and administering indebtedness; selecting officers and employees; and enforcing laws.

The savings from consolidation are largest in the counties having fewer than 5,000 people, and they gradually decrease as the population increases. Apparently these savings become insignificant after a population of 35,000 to 40,000 is reached. Using the costs of the county having a population of 20,000 as a standard, it is estimated that consolidation would save \$2.91 per capita in the counties having fewer than 5,000 people. This amount is equal to 21 per cent of the total cost of county government, 25 per cent of the operating costs, and 63 per cent of the costs affected by consolidation.

The adoption of the county manager or county executive plan should provide substantial savings. In the county of 20,000 population it is estimated that \$10,000 to \$15,000 per year might be saved in salaries. In addition, the savings in purchasing equipment and supplies and in operating all services should approach the savings in salaries in many instances. A third and slightly different type of saving arises from the increased efficiency of all services rendered. This would not be a saving in the sense of reducing taxes, but it would be a saving in the sense of providing more for the money.

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POSSIBLE SAVINGS THROUGH CHANGES IN LOCAL GOVERNMENT

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Government may be described as an organization created in response to demand for the purpose of furnishing services which the individual cannot provide for himself or cannot provide as cheaply. During periods of high prices taxpayers are inclined to increase the costs of government by voting bond issues and by expanding various services. Later, as the price level declines and the amounts paid in taxes tend to remain constant, there is a great cry for reduction of the costs of government. Two aspects of tax reduction campaigns are especially noticeable. One is that those who demand tax reduction do not want to surrender any of the services rendered by government, and sometimes demand additional services together with reduced costs. The second aspect is that the reduction is demanded without delay and officials are usually forced to make ill-advised savings. Frequently, these savings are made through salary cuts and horizontal reductions in the support of all services. At best the relief afforded is temporary and in many instances results in only slight savings or actual losses when the quality of service is considered.

Another matter which is usually pointed out during tax reduction campaigns is that government is composed of a large number of units, each having its own governing board, collecting its own taxes, and rendering one or more services. Thus, Texas has in addition to the state government, 254 counties, 580 cities and towns, 7,200 school districts, and 271 water conservation, levee and other districts—a total of 8,306 separate units of government. (This list excludes the more than 400 road districts which are merely construction districts having no separate governing boards, and providing no services). After calling attention to the multiplicity of units, the charge is often made that there are “too many counties” and “too many school districts,” and that considerable money might be saved if the number were greatly reduced. Estimates of savings have varied widely, since little information on this question has been available.

The purpose of this study is to make an analysis of the possible reductions in costs of government through a reorganization or consolidation of local governmental units. In order to carry out this objective it is necessary to examine the organization of local government in Texas, to analyze the revenues by which it is financed, to enumerate the various services provided, and to compare the expenditures of the units and services involved. As a result of this analysis, definite suggestions are offered for the improvement of local government.

* The authors are indebted to various state and local officers for assistance in collecting information. Special recognition is due Joe Jeff Danforth, E. J. Holcomb, and W. T. McDonald for assistance in completing the field work.

IMPORTANCE OF LOCAL GOVERNMENT IN TEXAS

Seventy-nine per cent of all the ad valorem or general property taxes collected in Texas in 1934 were collected for local purposes.¹ Even this is an understatement since more than half of the ad valorem taxes collected by the state were later returned to the schools and the counties. Thus, considered from the standpoint of the unit using the money, it is obvious that about 90 per cent of all ad valorem taxes was expended through local units.

The importance of local government may be emphasized in another way by pointing out that in 1934 the 79 per cent of total ad valorem taxes collected amounted to \$107,000,000 while the total revenue receipts of the State of Texas from all sources amounted to approximately \$113,000,000.²

Any attempt to distribute the total cost of government between the State and local units, encounters great difficulty. No complete report is compiled, and none can be until the accounting systems of local units are improved and placed on a comparable basis. According to the completeness of the data and their interpretation, estimates of the part of total expenditures made by the State have varied from 16 to 37 per cent. Perhaps the best indication of costs is the tax collections of the various units. Using all available information and estimating whenever necessary, it appears that the total revenue receipts of all units of government in Texas in 1934 were approximately \$260,000,000. Fifty-seven per cent of this amount was originally collected by the local units for local use and about 13 per cent additional was returned by the State to the local units in the form of aids. Consequently, about 70 per cent of total collections ultimately became receipts of the local units. Something between 45 and 50 per cent of the total collections ultimately became receipts of the counties and free public schools. These are the two units of concern in this study.

COUNTIES AND SCHOOL DISTRICTS STUDIED

Since it was impossible to include all the units of government in this study, it was necessary to choose a sample which would be representative of the State as a whole. Moreover, units such as cities and water districts are not found in all sections of the state, and do not apply to a majority of the population. Partly because of these reasons and partly because of the difficulty of securing reliable data, this study was limited to the two units which cover the whole State and apply to all persons, namely, the county and the school district.

In order to select a representative sample, the State was divided into eight areas based principally on the type of farming carried on. Within each of these areas were selected counties representing low, average, and

1 State Auditor and Efficiency Expert: Report on Taxes and Indebtedness of Local Units of Government in Texas, 1934.

2 Annual Report of the Comptroller of Public Accounts, 1934.

high land areas; low, average, and high populations; and low, average, and high assessed valuations. The sample includes 38 counties or about 15 per cent of the total number; it represents 13 per cent of the population, and about 12 per cent of the assessed valuation of the State. Within these counties are 965 common, and 165 independent school districts. There are also 75 road districts distributed among 19 of the 38 counties.

Records utilized in collecting information on the counties included county budgets, annual reports of fee officers, auditors' reports and records, minutes of accounts allowed, and minutes of the commissioners' courts. In addition, data were secured from the Board of County and District Road Indebtedness, State Auditor and Efficiency Expert, State Comptroller, State Library, and the Agricultural Extension Service of the Texas Agricultural and Mechanical College. Records used in collecting data on schools included school depository reports, superintendents' annual reports, and records of the various county superintendents and of the State Department of Education. Every school district within the 38 counties of the sample was included.

The financial data include complete schedules of receipts and expenditures of all counties and school districts for the year 1933. Much of

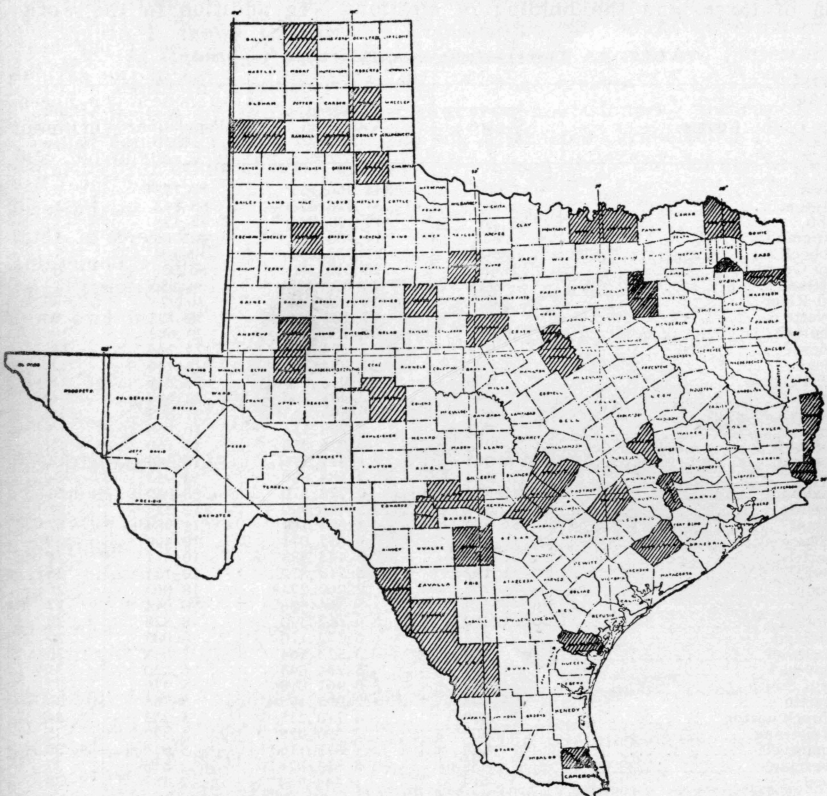


Fig. 1. Shaded counties are those used in study of possible savings through changes in local government.

this information was secured from reports filed at the State Capitol, but every county was visited, officers interviewed, and basic records consulted. By use of a prepared schedule, information was secured in each county on such administrative procedures as budgeting, purchasing, custody of funds, maintenance of roads, qualifications of employees, etc. All these data have a definite relation to the financial record and standing of the counties and schools.

Table 1 shows the area, assessed valuation, and population of the 38 counties—arranged according to population beginning with the highest. On an average each of these counties contains approximately 25 common school and 5 independent school districts of various areas, valuations, and populations. Figure 1 shows the location of these counties.

THE COUNTY

The county is created by the State and exists primarily for the purpose of carrying out various duties of the State. Thus, the county is an administrative area for the enforcement of laws, the assessment and collection of taxes, and the holding of elections. In addition to the work

TABLE 1. Thirty-eight counties used in study.

County	Area in Square Miles	Assessed Valuation 1933	Population 1930	Rank in Popu- lation
Travis.....	1,004	\$44,966,751	77,777	1
Grayson.....	942	37,816,475	65,843	2
Webb.....	3,219	19,199,026	42,128	3
Kaufman.....	834	14,988,718	40,905	4
Lubbock.....	868	21,933,387	39,104	5
Tom Green.....	1,454	25,613,380	36,033	6
Eastland.....	925	24,671,400	34,156	7
Red River.....	1,039	10,298,010	30,923	8
Fayette.....	968	17,123,293	30,708	9
Wharton.....	1,112	28,750,143	29,681	10
Jones.....	922	12,324,346	24,233	11
Cooke.....	902	15,954,200	24,136	12
San Patricio.....	676	12,018,610	23,836	13
Gray.....	899	23,494,266	22,090	14
Brazos.....	597	9,599,423	21,835	15
Hall.....	901	8,298,134	16,966	16
Bosque.....	975	9,026,350	15,750	17
Orange.....	363	11,827,576	15,149	18
Hays.....	623	7,584,080	14,915	19
Medina.....	1,353	9,778,870	13,989	20
Newton.....	889	5,056,990	12,524	21
Comal.....	559	8,894,769	11,984	22
Willacy.....	574	6,657,071	10,499	23
Marion.....	391	3,143,583	10,371	24
Kerr.....	1,142	5,718,879	10,151	25
Camp.....	207	2,969,224	10,063	26
Waller.....	519	5,366,836	10,014	27
Dimmit.....	1,360	6,662,590	8,828	28
Midland.....	887	6,372,170	8,005	29
Rockwall.....	149	3,523,164	7,658	30
Maverick.....	1,251	5,254,894	6,120	31
Deaf Smith.....	1,549	6,967,010	5,979	32
Martin.....	904	2,995,495	5,785	33
Throckmorton.....	879	4,710,275	5,253	34
Armstrong.....	903	3,650,025	3,329	35
Somervell.....	184	1,375,175	3,016	36
Sherman.....	935	3,814,826	2,314	37
Real.....	619	1,444,934	2,197	38
Average.....	907	\$ 11,837,983	19,848	

performed as an agency of the State, there are certain services which the county may render at its own discretion. Such services include the provision of agricultural agents, libraries, nurses and health units, and county farms.

In general the work of the county may be described under three headings:

1. Mandatory—the State requires and determines cost;
2. Semi-mandatory—the State requires but the county determines cost;
3. Optional—the County furnishes on its own authority and determines the amount to be spent.

The organization of county government in Texas is largely prescribed by the Constitution of 1876—although there have been a few minor changes effected through amendments. In all counties having a population of 10,000 or more, a minimum of 20 officers is required by the Constitution to be elected for two year terms. In counties of less than 10,000 population the sheriff is also assessor and collector of taxes, thereby reducing the number of constitutional officers to 19. In counties of less than 8000 population the county clerk is also district clerk; hence in these counties only 18 officials are elected.

Figure 2 shows the present organization of county government in Texas. In this chart the twenty constitutional officers are indicated by circles while the statutory officers, or those created by the legislature, are indicated by squares. The county commissioners, justices of the peace, constables, and four of the school trustees are elected from precincts. All other elective officials are chosen from the county at large.

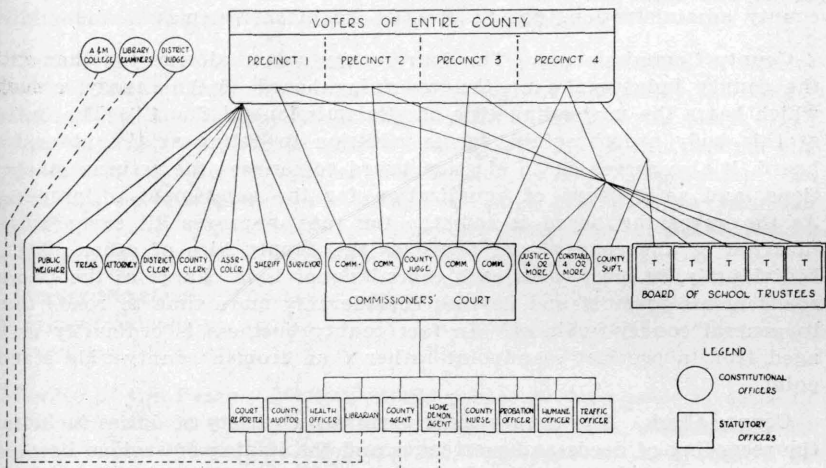


Fig. 2. Organization of County Government in Texas.

Certain other officials are appointed by the commissioners' court or by the other agency indicated. Thus, the county librarian must be acceptable to the State Board of Library Examiners, and the county and home

demonstration agents are appointed jointly by the commissioners' court and the Agricultural Extension Service of the Texas Agricultural and Mechanical College. Both the court reporter and the county auditor are appointed by the district judge, who is a state official, but they are paid entirely from county funds.

Certain of the appointive officers are mandatory (appointment is required by state law) while the remainder may be appointed if the county chooses. The court reporter and county health officer must be appointed in all counties, and the county auditor must be appointed in all counties having a population of 35,000 or an assessed valuation of \$15,000,000. Other counties may obtain an auditor by request of the commissioners' court to the district judge. The rest of the appointive officers are found only in counties that desire the service and can afford the expense involved. By far the most common of these optional officers are the county and home demonstration agents.

Duties of County Officers

Constitutional Officers—Elected for Two Year Terms.

County Judge. The county judge presides over the commissioners' court, county court, probate court, and lunacy court. In some counties, however, the duties of the county court have been shifted to the district court through special law. In counties having less than 3000 scholastics, the county judge is ex-officio superintendent of schools. The county judge occupies a peculiar position since he performs both legal and administrative duties. Legally he has considerable responsibility for county administration, but in practice he often occupies a minor role.

County Commissioners. The four county commissioners together with the county judge make up the governing board of the county, a body which bears the misleading title of "Commissioners' Court." The duties of this body are threefold, for in addition to acting as the governing board, it also serves as an election board to canvass the returns of elections, and as a board of equalization for the assessment of property. As the governing board it sets the tax rate, approves all expenditures incurred by the county, and approves the deputy hire of other officers. Individually, in most cases each commissioner is in charge of the lateral roads in his precinct and devotes considerably more time to roads than to general county business. In fact county business is ordinarily managed from a precinct standpoint rather than from a county-wide standpoint.

County Clerk. The county clerk performs a variety of duties including the recording of deeds and mortgages and the issuing of various licenses. The county clerk serves as clerk of the commissioners' court, county court, and probate court, and is secretary of the board of equalization. In addition, he keeps the minutes of accounts allowed, and writes the warrants against county funds. In counties having auditors there is a certain amount of duplication since both officers are required to keep various financial records.

District Clerk. The district clerk exists as a separate officer in all counties of more than 8,000 population. The duties involved are largely clerical, and include the posting of dockets and cost records in connection with the district court. The district clerk may also have certain trust funds to administer.

County Attorney. The county attorney serves as legal advisor to the commissioners' court and to the other county officers. He tries misdemeanor cases in the county and district courts. In a few counties, he also represents the State in criminal cases in the various courts.

Sheriff. The sheriff is the chief law enforcement officer of the county. He is also in charge of the jail and serves as bailiff of the district court. In many counties the sheriff exercises an influence completely out of proportion to the importance of his office. This influence goes back to the pioneer days when the maintenance of law and order was largely a problem of the local community and the sheriff's position was one of great responsibility. The sheriff is also assessor and collector of taxes in all counties of less than 10,000 population. This is a most illogical arrangement since there is little in common between the two types of work.

Assessor and Collector of Taxes. Prior to January 1, 1935, these duties were vested in two separate officers, but since that date the offices have been combined. As assessor, this officer is charged with the duty of assessing all property for state, county, and common school district purposes. As tax collector, he collects the taxes levied and transmits them to the proper unit. This officer is also empowered to assess and collect taxes for independent school districts, and for cities and towns within the county, provided the service is requested.

County Treasurer. The county treasurer is the custodian of county funds. His chief duty is to take up each warrant written by the county clerk and issue a check against the depository to take its place. The treasurer is also required to keep a complete record of the receipts and expenditures of the various county funds. Generally speaking, the treasurer's records are rather inadequate and are of little value in analyzing county expenditures. This officer represents an outworn part of the system of checks and balances, and should be eliminated.

County Surveyor. The county surveyor surveys lands when requested by private citizens or by the county. In many counties the office is no longer filled because the fees are insufficient to attract candidates.

Justice of the Peace. Justices of the peace try various petty cases of a civil or criminal nature, for which duties they are compensated by fees and commissions. Justices also serve as coroners and receive \$5 for each inquest held. In most instances their work as coroner is of questionable merit and sometimes is a positive detriment to the administration of justice.

Constable. The constable is a petty law enforcement officer receiving no effective supervision from any authority. Constables in rural pre-

cincts especially have little opportunity to make a living from their office unless they prey on motorists through the use of such devices as speed traps. In many instances this office might better be abolished.

Elective Statutory Officers.

County Superintendent of Schools. With three exceptions the county superintendent is elected in all counties having 3,000 scholastics or more. In 88 counties, the county judge is ex-officio superintendent of schools.³ Under the direction of the State Superintendent, the county superintendent has immediate supervision over the public schools of the county. Such supervision relates principally to the common school districts, and includes advising with trustees and teachers, visiting schools, holding teachers' institutes, and approving all vouchers drawn against school funds.

Public Weigher. Presumably, one or more public weighers are elected in each county containing no city in which the governor appoints a weigher. In a good many instances no weigher is elected because the fees, and therefore the income of the office, are insufficient to attract candidates.

Appointive Statutory Officers—(Mandatory)

County Health Officer. The county health officer is appointed by the commissioners' court for a two year term. His chief duties include medical attention to prisoners in the county jail, to inmates of the poor farm, and to persons on the pauper roll of the county. In addition, the county health officer is required to assist the State Board of Health in such matters as local quarantine, disease prevention and suppression, and the reporting of vital statistics. It is important to note that county health officers cannot be considered "public health officers" except in the most limited way. They are not trained in preventive medicine, and they devote their time to curative medicine just as physicians do in private practice. Even the curative medicine practiced by county physicians is limited to that for which the county will pay, and usually does not become very extensive.

Court Reporter. The court reporter is appointed by the district judge, and his principal duty is to report the proceedings of the district court. Since the work of this officer is entirely for the State, county officers have frequently suggested that he be paid by the State. This contention has considerable merit.

County Auditor. Appointment of a county auditor by the district judge is mandatory in all counties having a population of 35,000 or an assessed valuation of \$15,000,000 or more. In other counties the commissioners' court may petition the district judge to appoint an auditor if one is considered necessary. His duties include general oversight of all the books and records affecting finance, the enforcement of all laws governing county finances, and the preparation of quarterly and annual reports showing the condition of each county fund and the net bonded

³ State Department of Education, Public School Directory, 1934-1935.

indebtedness of the county. The auditor is also required to assist the county judge in preparing the county budget. In practice this officer frequently does not exercise the full authority which is indicated by a statement of his duties. This is probably due to political considerations affecting his appointment and the administration of his office. In some cases, also, the auditor has become the bookkeeper for the county and really does little auditing.

Appointive Statutory Officers (Optional)

County Agent and Home Demonstration Agent. The agricultural agents are appointed by the Agricultural Extension Service of the Agricultural and Mechanical College and the commissioners' court. The agent is paid from federal, state, and county funds, and occasionally receives a portion of his salary from some local organization such as the county agricultural council. The duty of these agents is to assist farm families in making the best possible utilization of the resources of their farms and homes.

Probation Officer. The appointment of a probation officer is mandatory in Harris County and optional in all others. His chief duty is to assist in the handling of juvenile delinquents.

Humane Officer. The duty of the humane officer is to secure the enforcement of laws for the prevention of wrongs to children and animals.

County Nurse. The duties of the county nurse involve inspecting the sanitary conditions of public schools and examining the public school pupils. The nurse also cooperates with the State Board of Health, and the local health authorities, and performs any additional service required by the commissioners' court. These general duties include visits to homes, clinics for adults and children, community demonstrations, and immunization treatments for various diseases.

County Librarian. Any county may devote as much as five cents of the general fund levy to the establishment and maintenance of a county library. The duty of the librarian is to operate the library so provided.

Traffic Officer. The traffic officer assists existing authorities in enforcing the laws relating to use of the public highways. This officer is also considered a deputy sheriff and works in cooperation with the sheriff's office. Relatively few counties provide these officers.

Qualifications of County Officers

Evidently the framers of the Constitution of 1876 were in full accord with the doctrine that anyone was capable of administering a public office. Although twenty separate officers are required by the Constitution, qualifications are mentioned in only two cases. The county judge "shall be well informed in the law of the state, shall be a conservator of

the peace. . . ."⁴ This provision does not require the county judge to be a lawyer although he presides over courts at which lawyers practice. The other officer for whom a qualification is established is the county attorney, who must be a lawyer. But the Constitution does not mention the matter of experience, and legally it does not matter whether a lawyer has had little or much experience before entering the race for county attorney.

The Constitution is silent regarding the qualifications of the four commissioners, county clerk, district clerk, sheriff, justices of the peace, constables, surveyor, treasurer, and assessor and collector of taxes. It seems somewhat inconsistent that so much care was exercised in prescribing the exact form of government, but so little attention was given to the qualifications of the officers of county government.

In regard to the statutory officers, or those which the legislature has found it desirable to add since 1876, the situation is somewhat improved. The county superintendent of schools "shall be a person of educational attainments, good moral character, and executive ability . . . the holder of a teacher's first grade certificate, or a teacher's permanent certificate." The five county school trustees are required to be qualified voters of good moral character and to possess the ability to read and speak the English language. The public weigher must be a qualified voter of good moral character and unquestioned integrity, and must possess a "fair education" and the ability to keep an accurate set of books. He must not be employed by or interested in any firm dealing in the commodities to be weighed.

The foregoing statutory officers are elected, but most of the statutory officers who are appointed also have fairly definite qualifications prescribed.

1. The court reporter must be able to record testimony (questions and answers) at the rate of 175 words per minute, which ability is tested by a committee of three lawyers.

2. The county auditor must be a competent accountant of at least two years experience in auditing and accounting, and must be thoroughly competent in public business details. These qualifications are sufficiently high to secure well trained men provided the district judges exercise their appointing authority with care. It is doubtful if the auditors appointed have always met these standards, but on the whole they are probably better qualified than the great majority of the elective officers in Texas.

3. The county librarian must have received a certificate of qualification from the State Board of Library Examiners prior to the appointment.

4. County and home demonstration agents must have special training in agricultural work in order to qualify for appointment.

⁴ Constitution, 1876, Article V, Sec. 15. (The courts have held that this provision is merely directory and that election is sufficient evidence of a candidate's knowledge of law.)

5. The county nurse must be a graduate registered nurse.

6. The county health officer must be a physician legally qualified to practice under the laws of the State and must be of reputable professional standing.

7. Apparently no qualifications are prescribed by the statutes for the probation, humane, and traffic officers. Thus, the type of officer appointed in these cases is determined entirely by the appointing authority and the amount of money to be spent for these services.

To summarize the situation regarding qualification of county officers, it may be said that the Constitution of 1876 almost completely ignored the question. That this deficiency has been realized is evidenced by the fact that the legislature has in most cases set up minimum qualifications for the officers added since 1876. In fact it seems that existing laws regarding qualifications of appointive officers are sufficiently flexible to allow the appointment of well qualified officers in every case. Any failure to secure competence has been the fault of the appointing authority and not of the law.

The Compensation of County Officers

It is impossible to characterize the method of compensating county officers in a concise statement for the reason that the legislature has made many changes in the general laws governing the salaries, and has also passed a great many general laws having special application to one or more counties. In addition there have been a number of court decisions, and a number of opinions of the attorney general, which must be considered. According to the State Auditor and Efficiency Expert, "the general statutes governing compensation of local officials have become the exception rather than the rule, due to the passage of numerous laws with special application, many of which may be unconstitutional, and all of which should be repealed in working out an equal and uniform system of compensation for public officials."⁵ In view of this situation it is of interest to read section 56, article III, of the Constitution which seems to have been designed to prevent the passage of special laws such as those relating to fees. This provision has been observed and ignored simultaneously by the passage of laws which are general in form but special in application.

What is known as the "fee system" of compensation is still in effect in Texas and adds to the confusion regarding salaries. With the exception of the four county commissioners, all the constitutional elective officers are compensated, at least partially, from fees earned by the performance of specific services for the State, county, or individual citizens. For example, the sheriff receives fees from all three sources. In addition, the commissioners' court may allow certain "ex-officio

⁵ Index of Constitutional & Statutory Provisions Relating to Compensation of County, District, and State Officials and Employees; 2nd Biennial Report of the State Auditor and Efficiency Expert, V. 8 (1932) p. 3.

salaries" to various county officers, and these amounts supplement the income from fees. Thus, the actual salary received by a particular county officer is computed by totaling his fee income from all sources, adding the ex-officio salary, and deducting expenses such as deputy hire and bond premium. If the remainder is less than the maximum amount allowed by law, the officer retains it all. If the remainder exceeds the legal maximum, the difference is considered an excess income and must be surrendered to the county.

According to the general law in force in 1933 the maximum compensation which might be retained by the individual fee officers amounted to \$4,500 in counties having less than 37,500 inhabitants; \$5,500 in counties having 37,501 to 75,000 inhabitants; and \$8,000 in counties having 75,001 to 150,000 inhabitants. These figures do not apply to the county treasurer, for whom the general maximum salary was \$2,000. The maximum salary of county commissioners was fixed by general law and varied from \$4,200 in the largest counties to \$1,000 in the smallest counties. Size in this instance was measured by assessed valuation, and not by population.

It should be noted that the provision of a maximum salary has no effect on the actual salary received by an officer unless the income of his office is high enough and expenses low enough to make the net income equal or exceed the maximum amount in question.

The fee system has been condemned on many grounds. The individual officer is responsible, under the system, for collecting the fees due his office, and as collections approach the amount necessary to provide the maximum salary, the officer may have a tendency to perform services free of charge as a political favor. Under the same circumstances, there may also be a tendency to employ additional deputies as a means of building or repairing political fences. Inevitably, also, the fee system through its efforts to make each office self-supporting prevents an effective coordination of all county services. That is, each officer tends to regard his office and its income as his property and resents any management attempted by the commissioners' court or the county judge. This feeling perpetuates the present scheme under which each office is operated independently of all others, but is housed under the same roof. The continued existence of such a condition is most unfortunate. The duties performed by county officers are inter-related, making each dependent upon the other in some degree. Each officer represents only a portion of the complete picture of county government, and efficiency would be much improved if the system were operated as one coordinated unit. For these reasons, the fee system of compensation should be abolished and all employees placed on a salary basis. Such a change should improve efficiency without increasing costs. A recent constitutional amendment effected this change in counties of 20,000 or more population, and therefore applies to 82 of the 254 counties.

Significant Differences in Counties

The foregoing discussion has emphasized the attempts of the Constitution and statutes to secure uniformity from county to county. It has been pointed out that all counties of similar population have the same constitutional officers. These officers are governed and paid according to laws of general application, except where general laws having special applications have been enacted. In practice, strict uniformity has not been attained because county officers have interpreted and administered uniform provisions differently from county to county. But on the whole, a considerable degree of uniformity has been secured in so far as the legal characteristics of counties are concerned.

A far different picture is presented when a comparison is made of the physical characteristics of the counties. Tables 2, 3, and 4 show the differences in areas, populations, and assessed valuations of the counties of Texas.

TABLE 2. Area of Texas counties.

Area in Square Miles	Number of Counties
0 — 500.....	15
501 — 1,000.....	164
1,001 — 1,500.....	51
1,501 — 2,000.....	13
2,001 — 2,500.....	1
2,501 — 3,000.....	2
3,001 — 3,500.....	3
3,501 — 4,000.....	2
4,001 — 4,500.....	1
4,501 — 5,000.....	1
5,001 — 5,500.....	...
5,501 — 6,000.....	1

The area of counties measured in square miles varies from 149 for Rockwall to 5935 for Brewster County. The average area of all counties is 1033 square miles while the median area is 902. One hundred and seventy-nine counties, or approximately 70 per cent, have an area of less than 1,000 square miles; 230 counties, or 90 per cent, have an area of less than 1,500 square miles. About 85 per cent of all counties fall within the limits of 501 to 1,500 square miles.

The population of Texas Counties according to the 1930 census varies from 195 in Loving County to 359,328 in Harris. These differences are brought out in Table 3. The average population per county is 22,931,

TABLE 3. Population of Texas counties, 1930.

Population	Number of Counties
0 — 5,000.....	46
5,001 — 10,000.....	50
10,001 — 15,000.....	47
15,001 — 20,000.....	29
20,001 — 25,000.....	21
25,001 — 30,000.....	12
30,001 — 35,000.....	13
35,001 — 40,000.....	5
40,001 — 45,000.....	7
45,001 — 50,000.....	6
50,001 — Above.....	18

but if the 10 most populous are eliminated, the average of those remaining is 16,609. Forty-six counties, or 18 per cent, have less than 5,000 population. Ninety-six counties, or 38 per cent, have less than 10,000 population. One hundred and forty-three counties, or 56 per cent, have less than 15,000 population. The median population of the 254 counties is 13,423.

The assessed valuation of Texas Counties, according to the 1933 tax rolls, varied from \$1,375,175 in Somervell County to \$284,786,700 in Harris County. The average assessed valuation was \$14,810,337, but only 55 counties attained that figure. The median valuation was \$7,578,410.

TABLE 4. Texas counties classified according to assessed valuation.

Assessed Valuation (1933 tax rolls)	Number of Counties
\$ 0 — \$ 5,000,000.....	67
5,000,001 — 10,000,000.....	94
10,000,001 — 15,000,000.....	40
15,000,001 — 20,000,000.....	15
20,000,001 — 25,000,000.....	14
25,000,001 — 30,000,000.....	6
30,000,001 — 35,000,000.....	2
35,000,001 — 40,000,000.....	2
40,000,001 — 45,000,000.....	2
45,000,001 — 50,000,000.....	2
50,000,001 — Above.....	10

The assessed valuations are those used for county purposes and exceed the valuations for state purposes by the amount of the homestead exemptions. Even using this higher figure, 161 counties, or 63 per cent, had less than \$10,000,000 assessed valuation. Two hundred and one counties, or 79 per cent, had less than \$15,000,000 assessed valuation.

These differences in the physical characteristics of counties help to explain both the demand for governmental services and the ability of the particular county to finance the services desired. Much of the difficulty with county government is explained by the attempt to apply a uniform plan of organization without regard to varying physical characteristics and needs. In a later section of this study, these differences are related to the operating costs of the counties.

ROAD DISTRICTS

Strictly speaking, road districts are not units of government because they do not have separate governing boards and because they render no distinct governmental services. Road districts are created for the sole purpose of borrowing money with which to construct roads. The indebtedness so created is retired by taxes collected from a levy against the property within the district. The maintenance of district roads is financed from the regular county-wide tax collections and the automobile license fees, and is under the supervision of the county commissioner in whose precinct the district lies. It was unnecessary to form districts in order to construct roads, and some counties have never had them. Since

the handling of indebtedness and the maintenance of roads after construction is identical regardless of the presence or absence of road districts, the figures on such districts have been merged with the figures on the county itself. This places all counties on a comparable basis and eliminates these districts from further discussion, so far as finance is concerned.

SCHOOL DISTRICTS

The 38 counties include 965 common and 165 independent school districts, which are also considered in this study. It is well to note that the schools are administered almost entirely through state and district agencies. There are no county-wide taxes for school purposes, and county officials have little control over school finance.

State agencies which deal with the school districts are the State Board of Education and the State Department of Education. The members of the State Board are appointed by the Governor for six-year overlapping terms. The State Superintendent of Public Instruction is the secretary of the State Board of Education and is the administrative head of the State Department of Education.

Within the county, a board of five county-wide school trustees is elected for a two-year term. One trustee is elected from each of the four county commissioners' precincts and the fifth trustee is elected from the county at large. The trustees, as a board, create new school districts and divide the state apportionment to common schools on the basis of the census enumeration of scholastics. In counties having 3,000 or more scholastics, a county superintendent is elected for a term of four years. In other counties the county judge serves as ex-officio county superintendent of schools. In addition to these county-wide officers, each common school district has a board of three, and each independent school district has a board of seven trustees.

The chief duties of the county superintendent are exercised in common school districts, since the independent districts, as the name suggests, are virtually free of any but state supervision. Common school districts have their own tax rates, but the assessing and collecting of taxes is done by the county assessor and collector of taxes. Independent districts may also utilize the services of the county assessor and collector, but this means that the valuation of property for school purposes is the same as that for county purposes. Consequently, the independent districts frequently employ their own assessor for school purposes, in order that school taxes may be increased without increasing county and state taxes at the same time. An increase in valuation is the only way to accomplish this purpose, since the tax rate, with a few exceptions, may not exceed \$1.00 per \$100 of assessed valuation.

It should be mentioned that many of the comments on counties are also applicable to the school districts. Just as in the case of the counties, a casual reading of the statutes indicates great uniformity in the legal

characteristics of school districts. Likewise, in contrast to the legal characteristics, the physical characteristics of districts vary widely. On the whole the independent districts have larger populations and larger assessed valuations than the common school districts, and are, therefore, better able to provide an adequate educational program.

For example, the 23 common school districts in one county vary in area from 5.5 square miles to 41 square miles, while the average area is approximately 21 square miles. The assessed valuations of the common school districts in 1933 ranged from \$46,000 to \$489,000, while the average was \$199,000. This county also has two independent school districts. One of these, a municipal district, has an area of 2 square miles and a valuation of \$4,500,000. The other independent district has an area of 53 square miles and a valuation of \$900,000. Such differences in the physical characteristics of school districts are found in a great majority of the counties. They indicate a substantial variation in the ability of the districts to support an adequate school program. This phase of the problem will be discussed more specifically in a later section.

NUMBER OF COUNTY AND SCHOOL EMPLOYEES IN 38 COUNTIES

The number of employees and their method of selection is an important indication of the way in which governmental affairs are managed. Table 5 presents this information in considerable detail for both the counties and schools. On an average more than 300 people are employed in the county and school system of each county, 45 by the county and 257 by the schools. Even this is an understatement because certain employees are omitted because of lack of information.

It is important to note that the 792 officers, elected in accordance with the provisions of the Constitution of 1876, appointed only 211 full time assistants. In other words, 3.7 employees were elected for every one appointed in these offices.

TABLE 5. Number of county and school employees in 38 counties, 1933.*

38 Counties				
Constitutional officers—elected.....	792			
Statutory officers—appointed.....	165	957		
Deputies, clerks, stenographers, etc.				
Full time				
In constitutional offices.....	211			
In statutory offices.....	9			
Part time.....	540	760	1,717	
1130 School Districts				
Trustees—county wide.....	190			
Trustees—common school districts.....	2,895			
Trustees—-independent districts.....	1,132	4,217		
County superintendents.....	26			
Assistants.....	21	47		
Teachers—common school districts.....	2,560			
Teachers—-independent districts.....	2,965	5,525	9,789	
Total.....				11,506

* County figures do not include road labor or janitor service; "Teachers" include only "classroom teachers."

Likewise, in the 963 common school districts, the 2,895 elected school trustees appointed only 2,560 teachers. In the independent districts the situation is somewhat better, for the 165 districts elected 1,132 trustees who appointed 2,965 teachers.

This table emphasizes in a striking manner the unwarranted reliance which is placed in the elective official. The election of a greater number of employees than is necessary to represent the citizenry is one of the weaknesses of the present system.

RECEIPTS OF COUNTIES AND SCHOOLS IN 1933

In the preparation of these data care has been exercised to show as accurately as possible the total revenue receipts used in financing the counties and schools in 1933. By revenue receipts is meant those receipts which increase assets without increasing liabilities. This definition automatically rules out the proceeds of short time loans, and issues of bonds and warrants. Such receipts, while constituting cash incomes for the year, cannot be considered revenues because they create liabilities equal to the cash received. Necessarily, these borrowings must be repaid from tax collections, but they do not affect the tax rate except as they are repaid. It is also important to note that the revenue receipts represent the actual cost to the taxpayer for the year. The term "tax payer" in this instance is not necessarily confined to those who reside within the county. The fact that the State collects taxes in all counties and distributes portions of such monies to the counties, as state aids, means that some revenue receipts come from taxpayers of other counties. The importance of this distinction is brought out more clearly later on.

Considerably more difficulty was encountered in securing these data for the counties than for the schools. This difficulty arises from the fact that Texas counties, unlike the school districts, have no central accounting system. There is no one record within the individual county or the State which will display the total receipts of the county. This situation is partially explained by the fact that several elective officers are partially paid from the fees of their offices. The fees paid by the State of Texas and by individual citizens go directly to the officer concerned and appear only in his records.⁶ Similar examples include the payments of the Federal Government to the county agents, payments of cities to county nurses, and contributions of chambers of commerce and other organizations toward the maintenance of particular activities administered by county officials. Still another and slightly different example is the payments by the State of Texas on county bonds issued for the construction of state highways. These bonds are legally the obligations of the counties, and in case the State fails to pay the amount which it has estimated it will pay, the county must make up the deficiency. Hence, such payments are legally receipts of the county and have been so treated.

⁶ A constitutional amendment effective January 1, 1936, mandatory in counties of 20,000 or more population and optional in others, requires all fees to be turned into the county treasury. Certain minor fee officers are not affected, however. This amendment centralizes accounting to a considerable extent in these counties.

Thus, in securing the total receipts utilized in financing county services, it was necessary to secure data from several sources and add them to those contained in the general county records. This difficulty was not encountered in the school districts, since all monies used in financing the services of a district clear through one central accounting system. The records of the common school districts are kept in the county superintendent's office, but each independent district maintains its own accounts. Since 1930 a great deal of progress has been made in placing all school accounting on a uniform basis. This uniformity makes the records easier to use and should eventually add much to their reliability.

The distribution of receipts between counties and schools is fairly uniform, and judging by this sample, the normal distribution is approximately 50 per cent county and 50 per cent school. In 22 counties school receipts constituted 45 to 55 per cent of the total; in nine counties school receipts were less than 45 per cent; and in seven counties they were more than 55 per cent of the total receipts.

The revenues of counties and schools may also be classified according to the original source of the money involved. Such a classification shows the total amount received from ad valorem taxes, for example, as opposed to all other sources. The purpose of this classification as well as the chief difficulty arises from the fact that state aids to counties and schools are paid from special funds derived from several sources. For example, the state apportionment amounted to 41 per cent of the total receipts of all school districts in the 38 counties. But this gives no indication of the original source of the apportionment itself. To secure this information, it is necessary to determine the relative importance of the various sources making up the state available school fund from which the apportionment is paid. Having determined by this method that ad valorem taxes constituted approximately 45 per cent of the revenue receipts of the available school fund, it is assumed that ad valorem taxes made up the same percentage of the state apportionment paid to the school districts of the sample. This amount was computed and added to the ad valorem school taxes collected within the districts. The resulting amount is the total ad valorem taxes used in financing the schools. The amounts of other sources shown were determined by the same method. The result is, of course, an approximation, but it helps materially in analyzing the support of counties and schools. Table 6 shows this classification in detail.

Table 6 emphasizes two points. First, that ad valorem taxes contributed more than all other sources, and second, that a relatively few sources made up the bulk of all receipts. Considering the combined receipts of counties and schools, it is shown that 85.5 per cent came from four sources. Ad valorem taxes amounted to 60.5 per cent; gasoline taxes 12.6 per cent; auto licenses 9.3 per cent; and fees paid direct by individuals 3.1 per cent.

Of the total county receipts, 91.7 per cent was derived from four sources. Ad valorem taxes contributed 53.2 per cent; auto licenses 18.4 per cent; gasoline taxes 13.9 per cent; and fees paid direct by individuals

TABLE 6. Revenue receipts classified according to source; 38 counties and their school districts, 1933.

Source	Total		Counties		Schools	
	Amount	Per-centage	Amount	Per-centage	Amount	Per-centage
Taxes						
Ad valorem.....	\$8,326,333	60.55	\$3,716,823	53.23	\$4,609,510	68.12
Occupation.....	13,676	.10	9,767	.14	3,909	.06
Poll.....	96,971	.72	18,517	.27	78,454	1.16
Auto license.....	1,286,762	9.36	1,286,762	18.43	.....	.....
Gasoline.....	1,740,886	12.66	974,219	13.95	766,667	11.32
Gross receipts.....	290,482	2.11	77,457	1.11	213,025	3.15
Cigarette.....	117,541	.85	.....	.....	117,541	1.74
Insurance.....	57,793	.42	.....	.....	57,793	.85
Fees.....	207,615	1.50	98,565	1.41	109,050	1.61
Other						
Interest.....	321,754	2.35	32,118	.46	289,636	4.28
Income from invest.....	60,927	.44	37,609	.54	23,318	.34
County available.....	110,008	.80	.....	.....	110,008	1.63
Individual (Fees).....	435,912	3.17	435,912	6.24	.....	.....
Miscellaneous.....	682,979	4.97	294,736	4.22	388,243	5.74
Total.....	\$13,749,639	100.00	\$6,982,435	100.00	\$6,767,151	100.00

to county officers 6.2 per cent. The fact that ad valorem taxes amounted to only 53.2 per cent of revenue receipts merits a special explanation. It is partly accounted for by the fact that all receipts used in financing county services have been included and not merely the receipts which the county treasurer shows in his incomplete records. On the basis of county receipts as shown in the budgets, which should agree with the treasurer, ad valorem taxes amounted to 69.4 per cent. But these "budgeted" receipts amounted to only 74 per cent of the actual receipts. The remaining 26 per cent, which is referred to as the "non-budgeted" portion, did not appear in the central county records at all. In addition, it seems that in previous estimates auto license taxes were considered state and not local taxes. If budgeted receipts alone are considered and auto licenses are excluded, ad valorem taxes amount to 92 per cent, or approximately the amount previous estimates have shown.

The distribution of school receipts shows that four sources contributed 86.8 per cent of the total. Ad valorem taxes amounted to 68.1 per cent; gasoline taxes to 11.3 per cent; gross receipts taxes to 3.1 per cent; and interest to 4.2 per cent. The remainder of the receipts were derived from several sources, only a few of which are shown separately in this statement. It should be especially noted that ad valorem taxes were considerably more important to the schools than to the counties. This difference is partly accounted for by the fact that the schools do not share in the auto license taxes. The situation suggests that any revision of the ad valorem tax system must give careful consideration to the financing of rural schools.

County Receipts Exclusive of Schools

In order to present the data in more detail it is desirable to separate the two units involved and analyze the receipts applicable to each one. Only the more significant classifications are presented for each unit.

The fact that all receipts do not appear in the general county records has been mentioned. This is the result of an incomplete accounting system which in turn has resulted from the maintenance of the fee system and the handling of state aids. As a consequence the county budgets have shown only the receipts which appeared in the general county records and have ignored the remainder. The importance of this omission is emphasized in Table 7, which shows the composition of both "budgeted" and "non-budgeted" receipts.

TABLE 7. Revenue receipts of 38 counties classified according to budgeted and non-budgeted receipts.

Source	Amount	Percentage		
		Budgeted	Non-budgeted	Budgeted & Non-budgeted
Budgeted				
Taxes				
Ad Valorem.....	\$ 3,600,637	69.40		51.56
Occupation.....	9,767	.19		.14
Poll.....	18,517	.36		.27
Auto License.....	1,286,762	24.80		18.43
Fees				
Officers Excess.....	53,643	1.03		.77
Fine and Trial.....	33,692	.65		.48
Stenographer.....	4,380	.09		.06
Jury.....	6,850	.13		.10
Other				
Depository Interest.....	32,118	.62		.46
Income-Investments.....	37,609	.72		.54
Rent & Operation of Equipment.....	32,240	.62		.46
All Other.....	71,646	1.39		1.03
Total Budgeted.....	\$ 5,187,861	100.00		74.30
Non-Budgeted				
State of Texas				
Highway Bonds.....	\$ 974,219		54.29	13.95
Agricultural Agents.....	25,631		1.43	.37
County Nurses.....	6,000		.33	.09
Fees—County officers.....	263,355		14.67	3.77
All Other.....	2,926		.16	.04
Federal Government				
Agricultural Agents.....	45,486		2.54	.65
Fees—Federal Prisoners.....	24,299		1.35	.35
Cities.....	10,675		.60	.15
Counties.....	941		.05	.01
Organizations.....	5,180		.29	.08
Individuals-Fees.....	435,912		24.29	6.24
Total Non-Budgeted.....	\$ 1,794,624		100.00	25.70
GRAND TOTAL.....	\$ 6,982,485	100.00	100.00	100.00

Of all receipts, 74 per cent is budgeted and 26 per cent is non-budgeted. This latter amount is not incorporated in the general county records. Under the non-budgeted receipts the division between items is made on the basis of the governmental unit, organization, or individual making the payment. Of all the non-budgeted receipts, 70.8 per cent came from the State of Texas, 24.2 per cent from individuals as payments to county officers for specific services rendered, 3.8 per cent from the Federal Government, and 0.9 per cent from cities, counties, and organizations such as chambers of commerce and county agricultural councils. This table also indicates the purpose for which 99 per cent of the non-budgeted receipts was used. Thus, receipts from the State of Texas were principally for paying the interest and principal on highway bonds and for fees of county officers.

It is possible also to obtain from these figures a breakdown showing the proportion of total receipts coming directly from within the county as opposed to that coming from without. In this analysis it is assumed that all fees paid by individuals are paid by individuals living within the confines of the 38 counties. This may not be absolutely true, but the error is undoubtedly too small to affect the result seriously.

TABLE 8. Local and outside sources of county receipts.

Source	Percentage	
From within the County		
Budgeted		
Revenue Receipts.....	74.30	
Non-Budgeted		
Fees Paid by Individuals.....	6.24	
Cities.....	.15	
Organizations.....	.08	80.77
From Outside the County		
Non-budgeted		
State of Texas.....	18.22	
Federal Government.....	1.00	
Other Counties.....	.01	19.23
Total Receipts.....		100.00

As shown by the above table, approximately 81 per cent of county receipts was collected from within the county for county purposes. The remainder, or 19 per cent, came largely from the State of Texas. Of course, it may also be noted that the revenues of the State of Texas are collected from within the 254 counties of the State and may or may not be returned to the counties, depending on the State's policy in this regard. The state aids distributed to counties are derived largely from gasoline, ad valorem, and gross receipts taxes. If the county residents paid into the State as much in gasoline, ad valorem, and gross receipts taxes as the State paid back in the form of aids, then this amount may also be considered as coming from within the county. It was not possible, however, to determine exactly how this works out, for the reason that state records on gasoline and gross receipts taxes are not kept on a county basis. Perhaps it is sufficient to say that some counties pay in more than is returned while other counties pay in less than is returned. This is, in reality, one of the principles of state aid, and should not be criticized

provided taxes are levied in proportion to ability to pay and distributed on the basis of need.

Revenue Receipts of Schools

The fact that much improvement has been made in school accounting since 1930 has been mentioned. It is believed that almost all school districts are making honest efforts to follow the uniform system prescribed by the State Department of Education. However, the task of securing adequate and uniform financial reports from school districts is a long time continuous one which requires unceasing aid and assistance from the State Department. Without such assistance the mere requirement of uniformity will not secure comparable records of uniform excellence. A summary of the classification prescribed for the revenue receipts of school districts is displayed in the following table. It is of primary interest to those who are familiar with school accounting forms.

TABLE 9. Revenue receipts of all school districts in 38 counties (according to school classification)*

Source	Amount	Percentage
State Available Fund.....	\$2,791,942	41.25
County Available Fund.....	110,008	1.63
Transfers.....	119,574	1.78
Interest		
Daily Balances.....	16,308	.24
Sinking Fund Investments.....	23,318	.34
Local Taxes (Ad Valorem)		
Local Maintenance Fund.....	2,542,879	37.58
Interest & Sinking Fund.....	669,989	9.90
Tuition and Fees.....	109,050	1.61
Rents and Donations.....	37,271	.55
Insurance Adjustments (Premiums).....	21,211	.31
Rural Aid.....	255,140	3.77
Vocational Aid.....	70,464	1.04
Total.....	\$6,767,154	100.00

In Table 9 the item labeled "State Available Fund" is the state apportionment to free public schools. The "County Available Fund" is the income from the county permanent fund, which income is prorated among the school districts of the county. The "Transfers" item is really an additional state apportionment paid in from other districts because resident scholastics of one district attended school in another district that year. In other words, the apportionment follows the scholastic from the district in which he resided when the scholastic census was taken to the district in which he actually attended. The "Interest" items occur, as shown, from the daily balances in the depository and from the investments owned by the sinking funds of the various districts. The local ad valorem taxes collected by the districts are deposited to two funds, the "Local Maintenance" which is used for current purposes, and the "Interest and Sinking Fund" which is used to pay interest and retire outstanding indebtedness. Other minor receipts include "Tuition and

* Short time loans excluded; current and delinquent taxes combined; various types of rural aid combined.

Fees" paid by students, "Rents and Donations," and "Insurance Adjustments." The "Rural Aid Funds" are combined in one item in the table, but are actually used for five purposes: teachers salaries, industrial equipment, consolidation, transportation, and high school tuition. The last item in the table is the "Vocational Aid" which is used in maintaining vocational classes in the schools. As indicated by the percentage column, the combined receipts from the state available fund and the local ad valorem taxes amounted to approximately 89 per cent of all revenue receipts. The rural aid fund made the next largest contribution of 3.7 per cent.

It is possible to arrange these figures so as to show the amount of school receipts coming directly from within the districts as opposed to the amount derived from all other sources. Table 10 gives this distribution in total as well as for both common and independent districts. It helps to picture the important differences in financing the common as opposed to the independent school districts. It will be noted that when the two types of districts are combined in one total, slightly more than 52 per cent of the total receipts was from local sources. The ad valorem tax alone contributed almost as much as all outside sources—that is,

TABLE 10. Revenue receipts of all school districts classified according to local and non-local sources, 1932-33*

Source	Total		965 Common School Districts		165 Independent School Districts	
	Amount	Per- centage	Amount	Per- centage	Amount	Per- centage
Local						
Ad Valorem						
Local Maintenance.....	\$2,542,879	37.58	\$ 594,285	26.92	\$1,948,594	42.73
Interest & Sinking.....	669,989	9.90	133,604	6.05	536,385	11.76
Tuition & Fees.....	109,050	1.61	3,785	.17	105,265	2.31
Interest						
Daily Balances.....	16,308	.24	5,595	.26	10,713	.23
Investments.....	23,318	.34	3,573	.16	19,745	.43
Rents & Donations.....	37,271	.55	7,851	.36	29,420	.65
Insurance Adjustments.....	21,211	.31	11,306	.51	9,905	.22
County Available.....	110,008	1.63	79,148	3.59	30,860	.68
Total Local.....	\$3,530,034	52.16	\$ 839,147	38.02	\$2,690,887	59.01
State and Federal						
State Apportionment.....	\$2,791,942	41.25	\$1,145,834	51.91	\$1,546,108	36.10
Transfers.....	119,574	1.78	33,330	1.51	86,244	1.90
Rural Aid.....	255,140	3.77	176,610	8.00	78,530	1.72
Vocational Aid.....	70,464	1.04	12,464	.56	58,000	1.27
Total State & Federal.....	\$3,237,520	47.84	\$1,368,238	61.98	\$1,868,882	40.99
GRAND TOTAL....	\$6,767,154	100.00	\$2,207,385	100.00	\$4,559,769	100.00

47.4 per cent as opposed to 47.8 per cent. Of the total receipts, \$2,207,385, or about 33 per cent, was for the common school districts while \$4,559,769, or 67 per cent, was for the independent districts. This is

* Short time loans excluded; current and delinquent taxes combined; rural aid combined.

especially significant when it is remembered that there are 965 common and only 165 independent school districts.

The distribution of receipts among the different sources is not the same for both types of districts. In the case of the common schools only 38 per cent of revenue receipts came from local sources. The state apportionment is by far the largest single source, amounting to 51.9 per cent, while local ad valorem taxes amount to 32.9 per cent. It is important to note also that rural aid funds amounted to 8 per cent of total revenue receipts. These funds are used to improve the services of rural schools by supplementing other funds and probably are more important from this standpoint than the amount itself indicates. Considering all revenue items, it is evident that the State is contributing almost 62 per cent of the total revenue receipts of the common schools in these 38 counties. Thus, from a financial standpoint the State has a vital interest in improving the services rendered.

The 165 independent districts secured over 59 per cent of their revenues from local sources, more than 54 per cent coming from the general property tax. The second largest source was the state apportionment which amounted to 36.1 per cent. Rural aid was not an important source of revenue, amounting to only 1.7 per cent. Evidently the majority of these districts were able to finance themselves without such aid. Tuition and fees amounted to 2.3 per cent of receipts, which is an indication that non-resident students attend these schools in considerable numbers.

The foregoing statements may be summarized as follows:

The independent districts represented only 15 per cent of the total number, but collected 67 per cent of the total revenue receipts. These independent districts were financed from local sources, particularly the general property tax, to a much greater extent than were the common school districts. This is an indication that assessed valuations or tax rates or both were higher in the independent than in the common school districts. It is significant also that the independent districts received considerably less rural aid, but considerably more tuition and fees, and vocational aid, than were received by the common school districts.

EXPENDITURES OF COUNTIES AND SCHOOLS, 1933

Before presenting a detailed analysis of county and school expenditures it may be well to explain the scope of the study as well as the limitations involved. The primary purpose of this section is to show the complete cost, to the taxpayer, of supporting the local governmental services. In order to show the complete cost of local services administered by the county it is necessary to distinguish between "local" and "state" services. The services included as local in this study are performed within the county; the county elects or otherwise participates in the selection of personnel, and the county pays at least a portion of the costs involved. This definition is broad enough to include such services as those of the county and home demonstration agents, who are paid from federal,

state, and county funds. The amount paid for county agents by each county varies considerably, depending upon the number of agents and the salaries paid. Hence, the only way to place these costs on a comparable basis from one county to another is to include the complete cost of the service. Analyses are also presented showing the amount paid by the county as opposed to that borne by the federal and state government. The following classification of services grouped according to function shows what is included under the county.

1. **GENERAL GOVERNMENT**
County judge; county commissioners (one-fourth of salaries); county clerk; county treasurer; county auditor (including special audits); tax assessor; tax collector; county surveyor; maintenance of buildings; all other.
2. **PROTECTION TO PERSON AND PROPERTY**
Sheriff and jail; constables; justices of the peace; court reporter; county attorney; district clerk; jury expense; all other.
3. **HEALTH AND WELFARE**
County physician; county nurse; county hospital (including city-county hospitals); county farm; outdoor relief.
4. **ROADS AND BRIDGES**
County commissioners (three-fourths of salaries of four commissioners); maintenance of county lateral roads; construction or other capital outlay from revenue receipts.
5. **EDUCATION**
County school trustees; current payments and capital outlay of school districts.
6. **AGRICULTURE**
County agents; home demonstration agents; livestock inspectors, etc.
7. **LIBRARY**
Maintenance of county library.
8. **PARKS**
Maintenance of county parks.
9. **DEBT SERVICE**
Interest on county and school debts; principal or retirement of serial or term bonds, notes, and warrants of counties and schools.

The foregoing classification according to function as general government, protection to person and property, etc., follows the classification presented in the standard county budget forms prepared by the State Comptroller of Public Accounts, which are in turn based upon the United States Census Classification of governmental expenditures. The primary idea is to group similar services under a meaningful title.

The activity or office classification within each functional group requires some explanation. For example, the allocation of one-fourth of the commissioners' salaries to general government and three-fourths to roads is based upon an estimate of the time spent on general county business as the general governing board, as opposed to the time spent as commissioners of roads in the respective precincts. It is somewhat arbitrary, and possibly places too large a portion of the expense under general government.

Where a county and city cooperate in furnishing a hospital, the complete cost of operation has been included. But a distinction is made between the amount paid by the county and that paid by the city.

As previously noted, the complete cost of each fee office was secured by combining the information contained in the annual fee reports and in the general county records. This procedure was followed in all cases in which the county paid a portion of the costs and the remainder was paid by other agencies.

The expenditures include the retirement of indebtedness, but do not include the disbursement of monies derived from the sale of bonds or other evidences of debt. This treatment avoids double counting of the expense and also shows the cost which is reflected in the tax bills for the year in question. The only exception to this treatment is found in the public school expenditures for capital outlay. It is probable that some money secured from the sale of bonds is included in this item, but the amount is small and has no serious effects. It was impossible, in this case, to make the proper separation.

In the case of counties issuing registered warrants in payment of current expenditures, the actual amount of such warrants issued during the year constituted the expenditures for that year. In other words, the scrip (or protested warrants) issued during the year represents the amount which would have been paid in cash during the same period if the money had been available. This amount is strictly comparable with the expenditures of counties which were on a "pay as you go" basis, in so far as current operating expenses are concerned.

In a few cases counties were in default on certain interest payments due in 1933. In such cases the amount actually due was computed and used in order to place the expenditures of such counties on a comparable basis with those in which no defaults occurred. Unfortunately, the amount in default on debt retirement could not be computed because of lack of time to secure the necessary information. Hence, the debt retirement figures were not adjusted.

In the following analysis, expenditures will be successively classified according to character, function, and object.

Expenditures Classified According to Character

A classification according to character ordinarily has four divisions: operating expenditures, or those normally recurring each year; capital outlay, or those expenditures for machinery or equipment which will last for several years; interest on indebtedness; and payments toward the retirement of indebtedness. Table 11 shows this information for both units. It is apparent that the combined classification is 68 per cent operating; 3 per cent capital outlay; 18 per cent interest; and 11 per cent principal. The two units involved do not follow the same pattern, however. Thus, the county spent considerably less for operating and more for each of the three other classifications. The explanation for this pattern is that the counties have much more indebtedness than have the schools, and consequently must spend a larger portion of their funds for interest and retirement of bonds. In fact, it appears that the debt burden

TABLE 11. Expenditures of the 38 counties and their school districts classified according to character, 1933.*

Character	Total		38 Counties		1130 School Districts	
	Amount	Per- centage	Amount	Per- centage	Amount	Per- centage
Operating.....	\$9,704,799	68.35	\$3,720,486	51.96	\$5,984,313	85.02
Capital Outlay.....	457,633	3.22	290,405	4.06	167,228	2.38
Interest.....	2,514,028	17.71	1,921,412	26.83	592,616	8.42
Principal.....	1,522,749	10.72	1,228,212	17.15	294,537	4.18
Total.....	\$14,199,209	100.00	\$7,160,515	100.00	\$7,038,694	100.00

is very heavy since almost 27 per cent of county expenditures was for interest, or the privilege of using tomorrow's money today.

Expenditures Classified According to Function

One of the most useful classifications of expenditures is that according to function. In this classification, similar activities are grouped under terms descriptive of the type of service rendered. For the most part these terms do not require explanation, since they accurately describe the work done.

The function of general government includes the supervisory or overhead activities of government. Such activities provide little direct service, but are necessary in order that direct services may be provided. The county judge, county clerk, auditor, treasurer, assessor and collector, maintenance of courthouse, and similar costs, are included under general government. The function of protection to person and property includes those activities which are primarily concerned with the administration of the law, that is the court system, jails, etc. The function of education includes the current operation and capital outlay costs of all common and independent school districts. The interest and principal payments include all payments of counties, road districts, and common and independent school districts. It should be observed that school district expense is found only under "education," "interest," and "principal." All other functions are restricted to county expenditures.

Table 12 shows the expenditures of counties and school districts combined in the functional classification. A perusal of columns one and two reveals that education (current payments plus capital outlay) is by far the most costly function. Interest, roads and bridges, principal payments, general government, and protection to person and property follow education in that order as the most costly. It is of interest to note that charitable expenditures did not occupy an important position in 1933. Considerably less than 2 per cent was spent on all forms of relief, including hospitals and health services. This includes all county physicians, nurses, and hospitals in whose operation the county participated. The

* Calendar year 1933 for the counties; school year 1932-33 for the schools.

three remaining functions—agriculture, county libraries, and county parks—accounted for less than 2 per cent of the total.

Some objection may be offered to the foregoing classification on the grounds that interest and principal payments are in reality incurred because of road, courthouse, or schoolhouse construction, and that such

TABLE 12. Expenditures of 38 counties and their school districts classified according to function, 1933.*

Function	Total		Percentage		
	Amount	Per-centage	Interest and Principal Distributed	With Principal Eliminated	
				Interest	
				Distributed	Separated
General Government.....	\$ 1,164,602	8.20	10.80	10.87	9.19
Protection to Person and Property..	792,572	5.58	5.58	6.25	6.25
Health & Welfare.....	224,803	1.58	1.69	1.80	1.77
Roads & Bridges.....	1,649,038	11.62	31.09	26.46	13.01
Education.....	6,155,359	43.35	49.60	53.23	48.56
Agriculture.....	148,150	1.04	1.04	1.17	1.17
Libraries.....	22,035	.16	.16	.17	.17
Parks.....	5,783	.04	.04	.05	.05
Interest.....	2,514,028	17.71	.....	.....	19.83
Principal.....	1,522,749	10.72	.....	.....	.....
Totals.....	\$ 14,199,209	100.00	100.00	100.00	100.00

expenditures are in reality road and bridge, general government, or educational expense. In order to meet this criticism a distribution has been made of the interest and principal payments according to the functions for which the indebtedness was created. If 80 per cent of the debt of a particular county is for road construction, then 80 per cent of the payments of interest and principal is assumed to be for road purposes. This computation was made for each county and the results were then combined to present the composite picture. The results of this distribution are found in column three of Table 12. The most significant result is the increased importance of roads and bridges. This merely means that the costs of construction, interest and principal, plus current maintenance costs of roads, amounted to 31 per cent of total expenditures. Courthouse construction costs accounted for a small increase in general government also. Since jails are so often made a part of the courthouse building and included in one bond issue, it was not possible to separate the two and allocate jail costs to protection. One county has issued bonds for hospital construction and this forces a slight raise in health and welfare. So far as the counties and schools are concerned, these figures justify the statement, so often heard, that education and roads are the most expensive local functions. Together they amount to approximately 81 per cent of the total expenditures.

* \$3818 for County Board of Education is under "Education" above, whereas in the character classification it was under county, because the county bore the expense.

Since the payments made to retire indebtedness are not strictly comparable (some counties have serial, others term issues; some defaulted on payments), another distribution is presented in which principal is eliminated entirely and interest is distributed according to purpose. In this case the percentage distribution of the revised total is substantially the same, with the exception that education costs now make up 53 per cent of the total while road costs decline to 26 per cent. When interest is made a separate item, as in the last column, it amounts to approximately 20 per cent of the total expenditures exclusive of principal payments. This is a substantial amount to be paying for the privilege of financing improvements on the installment plan.

Expenditures Classified According to Object

A third commonly used classification distributes expenditures according to object as salaries, wages, stationery, and water and light. This is a useful arrangement for comparative purposes because it cuts across the lines established by other classifications.

Since the accounting terminology used in county and school finance is not identical, the county expenditures are presented in one table and the school expenditures in another.

TABLE 13. Expenditures of 38 counties classified according to object, 1933.

Object	Amount	Percentage
Salaries and Wages		
Elective officers.....	\$ 982,269	13.72
Appointive officers.....	402,677	5.62
Deputy hire.....	360,302	5.03
Wages (road and bridge).....	622,948	8.70
Jury fees.....	171,962	2.40
Total salaries and wages.....	\$2,540,158	35.47
Stationery, printing, and postage.....	\$ 93,525	1.31
Bond premiums.....	12,120	.17
Travel expense.....	19,937	.28
Feeding and guarding prisoners.....	66,316	.93
Materials and supplies.....	296,259	4.14
Equipment operation.....	360,073	5.03
Telephone and telegraph.....	23,844	.33
Water, light, and heat.....	59,450	.83
Insurance.....	12,220	.17
Elections.....	25,835	.36
Charities (undistributed portion).....	112,450	1.57
Capital outlay.....	290,405	4.06
Interest.....	1,921,412	26.83
Principal.....	1,228,212	17.15
Miscellaneous.....	98,299	1.37
Total.....	\$7,160,515	100.00

An examination of Table 13 reveals that six object costs make up approximately 93 per cent of the total expenditures. These expenditures are as follows: total salaries and wages 35.4 per cent; interest 26.8 per cent; principal, or debt retirement, 17.1 per cent; equipment operation 5 per cent; materials and supplies 4.1 per cent; and capital outlay

4 per cent. The remaining 7 per cent is divided among the 10 other objects enumerated.

While the majority of the items in this classification are self-explanatory, a few require further comment. Under the salaries and wages object, the largest expense is for the salaries of the elective officials required by the Constitution and statutes. The wages paid for labor on roads and bridges is the second largest item, while the salaries of officers appointed by the commissioners' court, or some other authority, constitute the third largest item. The combined deputy hire of elected and appointed officers amounted to 5 per cent and is the fourth largest expense for salaries. The item of jury fees includes the amounts paid by the county for grand jurors, petit jurors, lunacy jurors, and special venire.

The expense for feeding and guarding prisoners arises in this manner. The sheriff, as custodian of the jail, is paid not to exceed 90 cents per day for feeding and guarding each county prisoner. This amount is paid monthly or quarterly on order of the commissioners' court from the general county fund. Ordinarily the sheriff is able to feed and guard the prisoners for less than the county pays him, and the resulting "profit" becomes a part of his official fee income. It may then be used to pay his own salary or some other expense of the office. Now the actual cost of feeding and guarding, as reported by the sheriff, is the item included in the table. The cost plus the profit would equal the amount paid to the sheriff by the county.

The equipment operation item refers to road equipment and includes gas and oil, small repairs, blacksmith work, and similar expenses. The charities item includes all outdoor relief, funeral, and other expense which could not be classified as salaries or supplies. Capital outlay, just as in the other tables, includes only the expenditure of revenue receipts for equipment having a life of several years. It does not include the expenditure of money secured from the sale of bonds or time warrants. This object classification is especially useful in estimating the savings that might be made in operating the counties.

The classification of school expenditures prescribed by the State Department of Education is not strictly comparable to the object classification of county expenditures but may be used with some explanations. Table 14 shows the expenditures of the 1,130 common and independent districts in the 38 counties.

The objects under the educational classification are described by the State Department of Education substantially as follows: ⁷ "General control" includes salaries of superintendents and office assistants, office supplies, telephone and telegraph, printing and postage, legal services, election and census expense, and costs of assessing and collecting taxes. "Instructional service" includes the salaries of teachers and librarians, and the cost of stationery and supplies used in actual classroom teaching.

⁷ Manual of Instructions in Financial Accounting, Bulletin No. 316 of the State Department of Education, pp. 8-16.

**TABLE 14. Expenditures of 1130 school districts in 38 counties, 1932-33
(as classified by the State Department of Education)***

Object	Amount	Percentage
General Control.....	\$ 458,317	6.51
Instructional Service.....	4,656,666	66.14
Operation of School Plant.....	377,508	5.36
Maintenance of School Plant.....	131,904	1.86
Auxiliary Agencies.....	219,282	3.11
Fixed Charges.....	143,583	2.04
Capital Outlay.....	167,228	2.38
Interest.....	592,616	8.42
Principal (Debt retirement).....	294,537	4.18
Total.....	\$7,041,041	100.00

"Operation of school plant" includes all payments involved in keeping the plant open and ready for use. Examples are the salaries and supplies of janitors, and water, light, and fuel. "Maintenance of school plant" includes all expenditures for the purpose of restoring any piece of property to its original condition. Such items as repair of buildings and upkeep of grounds are included under maintenance. "Auxiliary agencies" include transportation, operation of cafeterias, recreational activities, and athletic expenses other than salaries. Library expense is also reported here. "Fixed charges" include what are termed "relatively stable recurring expenses" such as rents and insurance premiums. "Capital outlay" includes the purchase of lands, buildings, and equipment such as desks, typewriters, and heating plants. "Interest" includes the interest on both bonded indebtedness and short time loans. "Principal" includes all payments toward the retirement of term indebtedness. It does not include the retirement of short time loans from current revenues, and therefore avoids duplication.

Almost two-thirds of the total expense was for instructional service, a very large part of which was for the salaries of teachers. In fact, approximately 91 per cent of the total expense is found under 5 items. These items include 66.1 per cent for instructional service, 8.4 per cent for interest, 6.5 per cent for general control, 5.3 per cent for operation of school plant, and 4.1 per cent for retirement of indebtedness. The remainder, or 9 per cent, is distributed among the four other items in the educational classification. In a later section the relation of school expenditures to efficiency will be examined in more detail, and consequently it is not stressed here.

POSSIBLE SAVINGS IN COUNTIES AND SCHOOLS

The purpose of this section is to analyze the expenditures and services of the counties and school districts included in the sample. In other words, which counties and which school districts are providing the most

* This table includes the amount of \$2347 paid by the schools to county judges serving as ex-officio county superintendents of schools. In all tables combining school and county expenditures, this amount is eliminated in order to avoid duplication.

service per dollar of cost? What are the characteristics of these counties and schools? What changes are needed in order to make it possible for all counties and schools to provide the necessary and desirable services at a reasonably low cost?

Of two counties providing the same services equally well, the more efficient county is the one having the lower cost. Of two counties having the same cost, the one providing the most services is the more efficient, provided the services are of comparable quality. Of two counties having unequal costs, the county having the higher cost may or may not be the more efficient, depending on the number and quality of services rendered.

In practice, however, it is difficult to determine that one unit of government is more efficient than another, for the efficiency rating of a governmental unit must be based upon a consideration of a number of factors—some of which are intangible and not subject to exact measurement. Such factors as the cost and number of services can be measured fairly well, but other and equally important factors, such as the quality of the services and the qualifications of personnel, are much harder to determine. Moreover, governmental units are required by law to provide certain services regardless of the fact that conditions differ from one unit to another. If, for example, conditions in two counties are exactly the same, then a difference in costs may indicate a difference in efficiency. If, on the other hand, a difference in conditions accounts for the entire difference in costs, then one county is just as efficient as the other.

Since all the conditions cannot be known, it is virtually impossible to determine accurately the efficiency of a given county or school district. It is possible, however, to point out that savings may be made through changing certain conditions which are known to exist. The analysis which follows is designed to point out how savings may be made and how, at the same time, efficiency may be maintained or increased.

In order to compare the costs and services of governmental units it is necessary to devise common denominators that reduce all units to comparable bases. Certain of the more important and useful measures will be discussed, together with the changes which they indicate to be desirable. For example, the analysis of certain per capita costs indicates that consolidation of counties would lead to a saving in some instances. Hence, the information on consolidation is presented immediately following this analysis. Likewise the analysis of administrative processes logically introduces the county manager and county executive plans, which are presented as improvements over the present system.

Total Per Capita Costs of Counties and Schools

When the cost of a particular unit or service is divided by the number of people, the result is the per capita cost—or the cost per person. This is considered one of the best measures of variation between units because an increase in population normally results in a demand for more services and a consequent increase in the total cost of government.

Table 15 shows the total per capita cost of all functions with counties grouped according to population. An interval of 5,000 population is used as a basis for this grouping, and a weighted average per capita cost is computed for each group. This table illustrates the distinct tendency for per capita costs to decrease as the population increases. It also illustrates the care which must be used in explaining apparent variations. The total per capita cost declines from \$28.18 in counties of less than 5,000 population to \$15.99 in counties of more than 35,000 population. The average cost of all groups was \$18.83. Only three groups had total costs that were lower than the average.

Table 15 also reveals that two groups do not follow the general trend as well as the others. The group including the counties of 10,001 to 15,000 population has a lower total per capita cost than either the next smallest or the next largest group. This difference is explained by the fact that this group had a low average per capita cost for the functions of general government, protection, health and welfare, roads and bridges, education, and principal or debt retirement.

The second exception is the group containing the counties of 25,001 to 30,000 population. It is really a special case since only one county is included. This county has a total per capita cost which is higher than the average for even the smallest counties. The explanation is that expenditures for roads and bridges, education, interest, and principal were unusually high as compared with those of the other counties. That is, the citizens of this county, acting through their elected officials, exercised their right to make large per capita expenditures for these functions.

TABLE 15. Per capita cost of functions with counties grouped according to population.

Population	Number of Counties	Total	General Government	Protection	Health and Welfare	Roads and Bridges	Education	Agriculture	Libraries	Parks	Interest	Principal
2,197- 5,000.....	4	\$28.18	\$ 3.88	\$1.51	\$.28	\$ 2.78	\$12.36	\$.79	\$....	\$....	\$3.60	\$2.98
5,001-10,000.....	7	24.10	2.86	1.27	.56	2.49	10.14	.26	.12	.....	3.52	2.88
10,001-15,000.....	9	17.84	1.76	1.03	.18	2.03	7.58	.26	.....	.....	3.36	1.64
15,001-20,000.....	3	23.94	1.84	.96	.25	2.53	9.45	.12	.....	.....	5.91	2.88
20,001-25,000.....	5	20.40	1.55	.94	.31	2.98	8.69	.19	.04	.....	3.23	2.47
25,001-30,000*.....	1	28.77	1.93	.85	.24	4.50	10.01	.39	.....	.....	5.33	5.52
30,001-35,000*.....	3	17.64	1.20	.96	.32	1.89	7.33	.18	.....	.....	3.76	2.00
35,001-Over.....	6	15.99	1.20	1.12	.30	1.68	7.58	.14	.04	.02	2.58	1.33
Average.....	\$18.83	\$ 1.54	\$1.05	\$.30	\$ 2.19	\$ 8.16	\$.20	\$.03	\$.008	\$3.33	\$2.02

*25,001-35,000	4	\$20.27	\$ 1.38	\$.93	\$.30	\$ 2.51	\$ 7.96	\$.23			\$4.13	\$2.84
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Since this county has more than 29,000 population, it might very logically have been grouped with the three counties having a population of 30,001 to 35,000. If this combination were made, the average costs of the resulting group would fit the general trend very well. The costs for this possible grouping are shown below the table. This illustration is another indication that an average cost based on several counties may contain

particular counties which do not conform at all to the general trend. The effect of taking an average figure is to smooth out the differences.

When all the groups are considered, the general trend of expenditures for the individual functions is, of course, much like that of the total expenditures. Thus, the costs of general government, protection, roads and bridges, education, and agriculture tend to vary inversely with the population. This trend is especially definite for the costs of general government, and somewhat less definite for protection, roads and bridges, and agriculture. The fact that the costs of education follow this same pattern is of unusual interest in view of the fact that this function is administered through a number of school districts in each county. Why the total per capita costs of all school districts combined should be higher in the smaller counties cannot be definitely explained without going much further into the subject than time has permitted in this report. In order to arrive at any reasonable explanation it would be necessary to make a special study of the school districts in each county.

In conclusion, it must be recognized that total per capita costs cannot be considered as more than a rough indication of significant differences. This must be true for the reason that there are numerous exceptions which are smoothed out by grouping the counties and using a weighted average. Two main reasons for these differences exist. In the first place, some counties spend more than others for particular services. In the second place, some counties provide additional services not provided by other counties. As long as these differences are clearly understood, the total per capita costs are quite useful as an indication of variation among units. But they must always be supplemented by other measures in order to complete the description.

Expenditures and Services of School Districts

In order to examine the problem more closely it is desirable to separate the analysis of counties and schools. The analysis of school districts is presented first because the preceding section on total per capita costs includes both counties and schools, whereas succeeding sections deal only with the county and not with the school system.

As previously indicated, school affairs are administered through a large number of elective trustees. This is especially true of the common school districts. For example, the common schools of the sample counties elected 2,895 trustees who, in turn, appointed only 2,560 teachers. The independent school districts present a somewhat better picture, since 1,130 trustees appointed 2,965 teachers. The number of teachers averaged 2.6 per common school district and 18 per independent school district. Thus, on an average, there were 7 times as many teachers per district in the independent schools as in the common schools.

These statements immediately raise a question as to the necessity for so many units of school administration, each of which elects a board of trustees and employs one or more teachers. A partial answer to this question is found in the distribution of receipts and expenditures among

the schools in the sample counties. For the year 1932-33 the 165 independent districts constituting 15 per cent of the total number accounted for 67 per cent of the revenue receipts. On the other hand, the 965 common school districts constituting 85 per cent of the total number accounted for 33 per cent of the revenue receipts. It is significant also that the independent districts secured 59 per cent of their receipts from local sources, whereas the common schools received only 38 per cent of their receipts from local sources. In fact, 96 common school districts in 16 counties collected no local taxes at all, but relied entirely on the state apportionment. Many other common school districts collected very small amounts of local taxes. On the expenditure side substantially the same picture is presented. That is, the independent districts accounted for approximately 67 per cent of the total school expenditures, while the common school districts accounted for 33 per cent.

Thus, it is demonstrated that a much smaller number of school districts and consequently a smaller number of school trustees would be quite capable of administering school finances. For if 165 districts now handle 67 per cent of the money, why should it be necessary to have 965 districts to handle the other 33 per cent?

In this connection, it should be mentioned that all indications point to a considerable decrease in the number of common school districts during recent years. This information is not available for the sample counties, but it may be assumed that information on the State as a whole is applicable. The report of the Texas Educational Survey in 1925 (Volume II, p. 15) estimated the number of common school districts at "approximately 8,000." In 1934, according to the State Board of Education, there were approximately 6,200 common school districts in Texas. Consequently, the indication is that the number of common school districts decreased by 1,800, or 23 per cent, during the 10-year period 1925-34. The elimination of these districts was accomplished by merging two or more districts to form a larger common or independent school district, or by merging two or more common school districts to form a new independent district.

Along with the decrease in number of districts has gone a decrease in the number of one-teacher schools in the common school districts. In 1918 there were 6,173 one-teacher schools in Texas; in 1925 there were 4,505, and in 1934 there were only 2,934. Reduced to a percentage basis this means that the number of one-teacher schools decreased by 27 per cent between 1918 and 1925, and by 35 per cent between 1925 and 1934. Thus, it seems that public sentiment has favored the creation of fewer and larger schools as well as school districts during this period.

It is of interest to note, however, that a large number of one-teacher schools still exist in the common school districts of the 38 counties. This information is shown in Table 16.

Table 16 shows that the 965 common school districts in the 38 counties were maintaining 1,253 schools, 541, or 43 per cent, of which were one-teacher schools. More specifically, 36 per cent of the white schools and 72 per cent of the colored schools were one-teacher schools. Of course,

TABLE 16. Number and size of schools in 965 common school districts in 38 counties, 1932-1933.

Number of Teachers	Number of Schools					
	Total		White		Colored	
	Number	Percentage	Number	Percentage	Number	Percentage
1	541	43	358	36	183	72
2	412	33	357	36	55	22
3	146	12	135	14	11	4
4	76	6	73	7	3	1
5	44	4	42	4	2	1
6	16	1	16	2	...	...
7	13	1	13	1	...	...
8	1	...	1	...	...	...
9	2	...	2	...	...	...
10	2	...	1	...	1	...
Total	1253	100	998	100	255	100

these percentages do not apply equally well to all counties. In fact, 4 counties had no one-teacher schools at all, and 2 additional counties had no one-teacher white schools. Of the 16 counties having colored schools, 15 had one or more one-teacher schools. These figures demonstrate that elimination of the small school is a slow and difficult process. It is significant, however, that progress is being made, apparently because of the combined desires of parents, trustees, and teachers that students be given the best possible educational advantages.

Recommendations of the State Board of Education

One of the duties of the State Board of Education is to consider the financial needs of the public free school system and to make recommendations to the governor and to the legislature. Consequently, it has been necessary for the Board to determine as nearly as possible the adequacy or efficiency of local school units and to suggest ways of improving the present system.

In order to be considered an efficient or satisfactory unit, a school should have sufficient resources to provide adequate buildings and equipment, and to employ a sufficient number of well trained teachers. Such a school should have a low cost per student and should spend a relatively small proportion of its current funds for supervision or overhead.

A study of "Satisfactory Local School Units" by Howard A. Dawson presents a great deal of information on this question. The following comments admirably summarize the relation between costs and efficiency in the public school. These comments refer successively to the cost per pupil, the teaching time per pupil, the curricula offerings, and the minimum size of school necessary in order to provide adequate facilities.

"The cost per pupil, a measure of the efficiency of a school, is much greater in small schools than in large schools. The actual cost per pupil

in small schools does not always exceed the cost in large schools, but it is obvious that if equal service is given to pupils in small and in large schools the cost per pupil in the smaller schools will be a great deal higher. This is unavoidable if the qualifications and salaries of teachers in small and large schools are equal, and if a sufficient number of teachers are employed in each case to give standard instructional time to each grade and subject.

"Studies of time allotment to pupils and to classes in schools of various sizes show conclusive advantages in elementary schools having six or more teachers. The average number of recitations per teacher per day in one-room schools ranges from about 22 to approximately 30, with an average of 10 to 12 minutes per recitation. In contrast, the average number of recitations per day in schools with one teacher per grade will probably be not more than 12 to 15 recitations with approximately 25 to 30 minutes per recitation.

"Small schools must necessarily limit their curricula offerings because the three 'R's' and other content subjects require all the teaching time. This no doubt helps to account for the criticism often made that the small school is still highly traditional, too formal, and not related to the life of the child. If this criticism should be found applicable in some degree to all schools, and not to small rural schools only, it is evident that these conditions can more readily be overcome in the larger schools.

"On the basis of the generally recognized pupil-teacher ratios, the absolute minimum sized elementary school would enroll approximately 200 to 225 pupils for 6 teachers, and the absolute minimum sized high school would enroll approximately 200 pupils for 7 teachers.

"Data on programs of studies offered in, and on requirements for graduation from, small high schools indicate in general that in practice, at least (if not in theory), the small high school is still a selective institution, rather than an institution serving equally the educational needs of all the children of high school age. In a large measure it must be said that the small high school is attempting to fit all pupils into the same educational mold.

"The small high schools as now found can no doubt be improved in a number of respects. Available evidence, however, rather pointedly shows that they have certain handicaps or shortcomings quite impossible to overcome except at an unreasonable or, perhaps, even prohibitive cost. Generally, the smaller the high school the greater the cost per pupil and the more limited the curriculum offered." ^s

Of the 7,794 schools maintained by the 6,200 common school districts in 1933, more than 50 per cent taught one or more years of high school work. But according to the State Board, not more than a dozen of these schools were recognized as accredited high schools. Consequently, the credits received in these schools are generally not accepted in colleges

^s Quoted in Biennial Report of the State Board of Education, 1932-1934, pp. 46-47.

or other high schools, except when established by examination or additional work in accredited schools. The meager opportunities afforded by these schools cause many students to withdraw before completing their high school work, and those who complete the course are seriously handicapped when they attempt to enter college. It is particularly significant that a large percentage of the pupils who are forced to secure high school training in these small schools actually live in close proximity to an accredited high school. A proper reorganization of school districts in each county would give these students access to an accredited school.⁹

In order to inventory the needs of the local schools, the State Board of Education began in 1933 a systematic study of the school situation in each county. These studies were made through the Division of Research and Accounting of the State Department of Education, with some financial assistance from the Texas State Teacher's Association. Some work had been done in 50 or 60 counties by the end of the school year 1933-1934. It is planned to continue these surveys until the entire State has been covered.

The recommendations for six different counties were published in the Biennial Report of the State Board of Education for 1932-1934. These counties are Williamson, Potter, Randall, Swisher, Titus, and Hays. This selection is representative of the different factors and conditions found in the school systems in different sections of the State. Hays County is one of the 38 counties included in this study. Consequently, the recommendations made for Hays County will be summarized here.

Findings in Hays County

The procedure followed in surveying the schools of Hays County was substantially the same as that followed in other counties. It was necessary to secure a clear picture of the existing situation by studying (1) the trend of population for the entire county and for the different population centers; (2) the number and location of school districts; (3) the number and grade distributions of pupils; (4) the length of school terms; (5) transportation; and (6) such financial data as bonded indebtedness, tax levies, per capita wealth, and current costs.

The analysis of existing conditions revealed grave differences in the quality of education provided in the various school districts, as well as in the ability of the districts to finance an adequate program.

1. The administration of schools was divided among 22 districts; the terms ranged from five to nine months in both white and colored schools; and 11 different schools offered two or more years of high school work. More specifically, six schools having one to four teachers offered two or three years of high school work, and five schools having five or more teachers offered four years of high school work.

2. Approximately 25 per cent of the white pupils was enrolled in one and two-teacher schools; 10 per cent was enrolled in three and

⁹ Biennial Report of the State Board of Education, 1932-1934, pp. 32-35.

four-teacher schools; 19 per cent was enrolled in six to nine-teacher schools; and 46 per cent was enrolled in schools having ten or more teachers.

3. The percentage of white pupils in the first and second grades in the small schools was much higher than in the larger schools. For example, the percentage of pupils in the first grade in one-teacher schools was 52.3, whereas in schools having five or more teachers it was 17.7. This is a direct indication that beginning students in the small schools are severely retarded. Many of these pupils would have little or no difficulty if they were enrolled in larger schools where they could receive more of the teachers' attention.

4. The transportation of pupils from the small schools to the better equipped larger schools had not developed to any great extent, despite the fact that a fairly adequate system was possible.

5. The tax rates for school purposes varied from 25 cents to \$1.00, and the assessed valuation per scholastic varied from \$800 to \$3,000. Thus, the possible income from local taxation using the maximum rate of \$1.00 varied from \$8.00 to \$30.00 per scholastic. The actual cost per white pupil in average daily attendance varied from \$3.50 to \$18.00 per month. But only 3 per cent of the students attended schools which spent \$18.00 per student month.

6. The school buildings in several districts were found to be inadequate as to fire protection, heating, lighting, and ventilation. In addition, many of the smaller schools had no adequate library, laboratory, and playground facilities.

Recommendations for Hays County

On the basis of these findings, it was recommended that Hays County be made one administrative unit for school purposes. It was further recommended that the county be divided into four attendance areas (or districts) each of which should maintain such schools as might be necessary to provide adequate school facilities. The City of San Marcos is included in attendance area number one. It is conveniently located with respect to areas 2 and 3, and consequently students in the 10th and 11th grades, in these areas, should be transported to San Marcos.

The characteristics of the four areas are summarized in Table 17.

TABLE 17. Characteristics of recommended attendance areas in Hays County.

Attendance Area Number	Scholastic Population		Estimated True Valuation	Bonded Debt	Grades to be Taught	
	White	Colored			White	Colored
1	2100	300	\$7,500,000	\$ 38,500	11	11
2	1060	135	5,000,000	31,000	9	9
3	100	....	400,000	.....	7 or 9	..
4	500	....	1,000,000	12,000	11	..

Possibilities of Savings

The chief saving to be realized from the reorganization which has been described should come from the improvement in school services. In other words, this reorganization should provide adequate facilities for all pupils of the county by removing the major inequalities in opportunities which now exist, and this should be accomplished without an increase in costs. Although the larger areas would probably make it possible to provide the present level of educational advantages at a lower cost, it is doubtful if any group would advocate this procedure. Parents, teachers, and school trustees would be more apt to unite in demanding that any saving be used to improve the educational program of the county.

In connection with these suggestions, it is significant that local schools have been improved considerably in recent years. It has already been shown that the number of small districts and small schools within the districts have been decreasing at a comparatively rapid rate. The elimination of these small inadequate schools should be speeded up by the recent laws governing the classification of rural schools and the administration of rural aid. If the county school trustees will classify the rural schools properly, then the rural aid for transportation and for high school tuition will allow a unified and adequate system to be devised for the entire county. Another achievement has been the pooling of school resources to form a school library in the county superintendent's office. More than a third of the 254 counties have established such libraries.

In addition to the recommendations of the State Board of Education concerning the reorganization of schools within each county, certain other changes need to be made. For example, there is need for a revision of constitutional and statutory provisions governing the free public school system. Such a revision and codification should aid in developing a unified system for all counties as well as for the State as a whole. Especial attention should be given to the method of distributing the state apportionment. This money should be used to equalize and improve educational advantages over the State. This might be accomplished by distributing all state monies on the basis of need, and by withholding payment until certain minimum standards had been met. A further suggestion is that the State and county superintendents be appointed on the basis of merit and retained as long as their services are satisfactory.

Expenditures and Services of Counties

Overhead Expenditures

An expenditure which seems to be directly related to size is that for general government, or overhead. The overhead costs of the counties are those which continue regardless of the amount of service rendered to the individual citizen. Thus, in order that services may be rendered, it is necessary that a courthouse be provided and maintained, that taxes be assessed and collected, that financial records be kept, and that general supervision or management of the county affairs be provided. All of this work is necessary as a preliminary to the provision of direct visible

services. The question, therefore, does not concern the necessity of a certain amount of overhead but it does concern the relation of overhead to the quantity of service rendered.

- In other words, some overhead is inevitable regardless of the volume involved, but frequently a considerable increase in volume can be accommodated without a proportionate increase in overhead. This situation suggests the possibility of determining the size of unit which may be operated with the most favorable overhead cost. Of two counties having the same per capita cost, the one which spends the most for overhead has the least to spend for such direct services as roads and bridges, health, welfare, libraries, etc. Consequently, a county having a high cost for this function does one of three things as compared with a county having a low cost: (1) it operates at the same total cost by providing fewer direct services; (2) it provides the same number of services but supports them less adequately; (3) it increases the total cost in order to adequately support the same services that are provided by the county having the low overhead. Undoubtedly, this statement oversimplifies the question. In practice some combination of the three alternatives would likely be found.

Table 18 shows that the per capita cost of overhead is highest in the counties under 5,000 population, and that it decreases consistently until a population of 30,000 or more is reached. In so far as this sample is representative, there seems to be little difference beyond that point, but regardless of where the trend stops, there is no doubt that the larger counties have very favorable overhead costs as compared with those of the smaller counties. This arises from the application of a rigid organization or form of government to all counties, and from the fact that salaries and other costs involved are not and cannot be exactly in proportion to population. Hence, the cost in the smaller counties is inevitably high because of the smaller number of people to support the system. The citizens of the smaller counties spent 3.2 times as much as the citizens of the larger counties spent for the same function. Thus, the taxpayer who happens to reside in a small county is penalized severely, and given no offsetting advantage. The same conclusion is demonstrated in another way in the column showing the percentage of total cost of government which is absorbed by overhead.

In this table the two columns should be considered together for the reason that the percentage of total costs absorbed by overhead depends to some extent upon the total amount expended. For example, the one county in the 25,001 to 30,000 population group had a high per capita cost, but a low percentage, compared with the group on either side. The explanation is that the total cost of overhead and of all governmental services was relatively high as compared with that of the other counties. As another example, attention is called to the 10,001 to 15,000 group. *In this case the per capita cost is lower than that of either of the adjoining groups, but the percentage figure is well in line. The explanation is that the total expenditures of this group of counties were low.*

TABLE 18. Per capita cost of overhead and ratio of overhead to total cost of county government.

Population Group	Number of Counties	Cost of Overhead	
		Per Capita	Percentage of Total
2,197- 5,000	4	\$ 3.88	27.69
5,001-10,000	7	2.86	23.41
10,001-15,000	9	1.76	18.38
15,001-20,000	3	1.84	14.42
20,001-25,000	5	1.55	15.32
25,001-30,000	1	1.93	11.69
30,001-35,000	3	1.20	13.10
35,001-Over	6	1.20	15.94
Average		\$ 1.54	16.26

This table reveals again that the counties of less than 10,000 population are at a marked disadvantage as compared with larger counties. Whereas the average per capita cost of the 38 counties was \$1.54, that of the small counties was far above while that of the two largest groups was considerably below the average, and that of the 20,001 to 25,000 group was almost identical with the average. Apparently the costs of overhead continue to decline until a population of 30,000 or more is reached. It cannot be determined, however, whether this trend continues beyond that population or not, because of the limited sample. It should also be noted that in this comparison of overhead costs there is no intention of indorsing the present overhead organization in the larger counties. The cost is low in comparison with that of the smaller counties, but the organization itself could be vastly improved, as will be brought out later.

Per Capita Costs Definitely Related to Population

Although it is not possible to establish a definite relation between total per capita costs and population, there are some particular costs which do bear such a relation. These are the costs of the activities which are found in all counties regardless of population: that is, the services are required to be performed in each county and the organization is prescribed to a large extent. These costs are, therefore, strictly comparable.

Salaries of Elective Officials

These are the officials required to be elected in each county. The duties of each officer are, therefore, performed in each county regardless of its population. The fact that smaller counties have a combined sheriff-assessor and collector of taxes, and a combined county-district clerk does not alter the case, because the duties are still identical. The per capita costs of the salaries of these officials are universally higher in small than in large counties. This is true in spite of the fact that the level of salaries is considerably higher in the more populous counties. For example, the per capita cost of a \$1,000 salary

is 10 cents if distributed over a population of 10,000, but the per capita cost of a \$2000 salary is only 8 cents if distributed over a population of 25,000. If salaries were increased or decreased exactly in proportion to population, this relation would not exist. But, as a matter of experience, salaries seldom fall below a certain minimum and they are prohibited by law from rising above a certain maximum. Hence, as salaries were distributed in 1933, the smaller counties had much higher per capita salary costs even though the salaries of individual officers were low as compared with those in the larger counties.

The Expenses of Jurors Paid by the County

This item includes the per diem fees of jurors in district, county, and justice courts, and all other expenditures such as meals and lodging for jurors. While the item is relatively small, it shows a definite relationship to the population of the county. In other words, there seems to be a certain amount of expense for jurors regardless of the population of the county, and this expense is higher on a per capita basis for the small counties than for the large.

Salary and Expense of the District Court Reporter

Each county has this expense although the amount varies considerably from one county to another depending on the volume of work of the courts. This expense is chiefly salary and is separated from the salaries of elective officials because the reporter is appointed.

The Maintenance of Buildings (Courthouse and Jail)

Each county must maintain a courthouse and a jail. This maintenance requires the county to hire a janitor and necessary help, to purchase janitorial supplies, to furnish water, light, and heat, and to make incidental repairs from time to time. All of these costs are included in the "maintenance of buildings." However, any extensive repairs or additions which amount to a capital outlay are excluded, because they are not really maintenance costs.

It may occur to some that the deputy hire for the various offices should be included as a comparable cost, for the reason that practically all counties use some deputies. A comparison of costs of deputy hire for the 38 counties, however, shows that there is virtually no difference in the per capita cost for small as compared with large counties. In other words, on a per capita basis, deputy hire costs the small county no more than it costs the large counties. In fact there is some indication that this cost was slightly less for the smaller counties. There are other costs which were larger in particular instances for small counties than for the large counties, but no definite trends were apparent. It is true, however, that in most instances such costs were subject to the control of the officers themselves and in the absence of exact and detailed information it was impossible to classify one county as more efficient than another. For example, the per capita expenditures for roads and bridges cannot be compared unless another measure such as the number of miles of each type of road is introduced. Since it was impossible to obtain such information in the great majority of counties, the comparison cannot be made.

It should also be noted that in particular instances certain other costs might be included, although they cannot be included in a general comparison because they are not found in all counties. For example, the per capita cost of supporting a county nurse or county library is higher in small than in large counties, and in any comparison which is limited to counties providing such services, they should be included. If such costs are included, however, they must be clearly distinguished from others, for the reason that they are not mandatory, and so may be discontinued at any time by official action.

County Consolidation and Tax Reduction

The costs which bear a direct relation to population are especially useful in estimating the possibilities of savings through the consolidation of counties. This is true because a consolidation in which two or more counties are merged does nothing except enlarge the population and area of the unit. One set of county officers is substituted for two and one set of county buildings is used. The costs which are not included under these and similar headings would not be affected by consolidation at all. For example, there will be no reduction in the mileage of roads, no elimination of other services, and, therefore, no reduction in such costs due to consolidation. The only way for such costs to be reduced is through the provision of a more effective form of government, and this may or may not accompany consolidation.

Table 19 shows the estimated savings per capita from consolidation using the average costs of the 38 counties as a standard. This table reveals that substantial differences exist between the counties of different populations. The total of the costs affected declines consistently from the small to the large counties, and the individual costs making up this total show the same general trend. This trend is very regular for the salaries of elective officials and for the maintenance of buildings, but is somewhat less regular for jury expense and the court reporter.

In the computation of the savings which might be realized from the consolidation of counties, the average cost of the 38 counties is used as a standard which should be realized in an actual case. The average is used in order to secure a conservative figure. In other words, there is no effort here to set up the best possible case for consolidation, but rather to show what could reasonably be expected under ordinary conditions. Thus, it will be noticed that the total of the costs affected by consolidation is lowest in the counties above 35,000 population and that the cost for this group is 45 cents lower than the average which is used. Consequently, if the cost of the lowest group were used as a standard in place of the average, the indicated saving for each group would be increased by 45 cents per capita.

The column headed "Per Capita Saving" indicates that a consolidation which resulted in reducing the cost to the average or \$1.77 would mean a saving of \$2.91 per capita or \$14.55 per family in counties having a population less than 5000. In other words, the present cost of this group

TABLE 19. Estimated savings per capita from consolidation using the average costs of 38 counties as a standard (1933 costs).

Population Group	Per Capita Saving	Costs Affected by Consolidation				
		Total	Salaries of Elective Officers	Jury Expense	Court Reporter	Maintenance of Buildings
2,197- 5,000.....	\$ 2.91	\$ 4.68	\$ 3.68	\$.50	\$.11	\$.39
5,001-10,000.....	1.52	3.29	2.49	.38	.09	.33
10,001-15,000.....	.52	2.29	1.86	.18	.06	.19
15,001-20,000.....	.30	2.07	1.59	.23	.05	.20
20,001-25,000.....		1.73	1.29	.23	.06	.15
25,001-30,000.....		1.74	1.39	.13	.03	.19
30,001-35,000.....		1.48	1.07	.19	.09	.13
35,001-Over.....		1.32	.86	.24	.08	.14
Average.....		\$ 1.77	\$ 1.30	\$.23	\$.07	\$.17

is \$4.68, or \$2.91 more than the average. The savings for other groups are computed in the same way. One of the important things to notice in this connection is that the largest savings occur in the counties of less than 10,000 population. There is a very noticeable decrease in the savings of larger counties, and because of the use of the average they stop altogether when we reach the counties having a population of 20,000 or more. The groups showing no savings are already operating at less than average cost.

In order to show what this saving means to the different county groups, Table 20 has been prepared. It shows the estimated savings from consolidation in the 25 counties which are now operating at higher than average cost. These data were computed for the individual counties and later combined under the groups. Consequently, the larger groups are represented because individual counties showed a saving. Whereas, if the computation had been made directly by groups, these counties would have been excluded. According to this analysis, the total saving for the 25 counties amounts to \$194,780 or 5.8 per cent of the total cost of government in these counties. At the same time the saving amounts to 7 per cent of the operating costs, and 26.4 per cent of the costs actually affected by consolidation. Again it is unmistakably demonstrated that the largest savings occur in the smallest counties. Thus, for the group containing the counties of less than 5,000 population, the saving amounts to 21 per cent of the total costs, 25 per cent of operating costs, and 63 per cent of the costs affected by consolidation. The savings are also large for the 5,001 to 10,000 group, but decline consistently in the larger groups. From this summary it is evident that consolidation would bring substantial savings, especially to the smaller counties.

How Large Should a County Be?

Based on the sample, a county having the average cost of \$1.77 per capita would have an area of approximately 900 square miles, an assessed valuation of \$12,000,000, and a population of 20,000 or more. Such a

TABLE 20. Estimated savings in 25 counties through consolidation—using average cost of 38 counties as a standard.

Population Group	Number of Counties	Saving		Percentage Saving is of		
		Total	Per County	Total Costs	Operating Costs	Costs Affected
2,197- 5,000.....	4	\$ 31,545	\$ 7,889	20.72	25.26	63.12
5,001-10,000.....	7	71,810	10,258	12.32	14.65	45.96
10,001-15,000.....	9	54,051	6,005	5.39	6.34	22.61
15,001-20,000.....	2	16,718	8,359	3.40	4.17	21.73
20,001-25,000.....	1	13,033	13,033	3.54	5.13	25.02
25,001-30,000.....	.....	.....	.....	.....	.....	.....
30,001-35,000.....	1	1,366	1,366	.03	.04	2.20
35,001-Over	1	6,257	6,257	2.35	2.54	8.28
Total.....	25	\$194,780	\$ 7,791	5.82	7.09	26.45

county would be much more capable of providing adequate services at a reasonable cost than are many of the small counties which are functioning at the present time. This raises the second argument in favor of consolidation—namely, that it would provide units capable of providing any combination of governmental services which may be desired by the people.

Just how large should a county be? In answering this question, it has already been pointed out that a county should have at least 20,000 population in order to approach a reasonable cost for certain mandatory services. In the second place, there is considerable evidence to the effect that an increased size enables a county to support various services which it otherwise could not provide on equal terms with other counties. Examples of such services together with recommendations as to the size necessary in order to provide adequate support are presented below:

County Libraries

Officials of the State Library recommend that a county have at least \$10,000,000 assessed valuation before it attempts to establish a county library. One hundred and sixty-one counties do not have this much valuation at the present time. This figure is probably too low under the present system, which requires the county to pay the entire cost. For it is also recommended that no library be operated on a budget of less than 50 cents per capita and that no budget be less than \$5,000 in total. The 50 cents per capita minimum is one-half the recognized national minimum standard. In order to raise \$5,000 annually a valuation of \$10,000,000 and a tax rate of 5 cents would be required. This valuation is insufficient for two reasons. (1) No allowance is made for delinquent taxes, and (2) few counties can be expected to use 5 cents of the general fund rate for library purposes. Hence, a valuation considerably in excess of this minimum is desirable if the county must continue to furnish the entire support from the general fund. In view of the recommended standards, it is significant that eight of the 14 Texas county libraries in operation in 1935 operated on less than a \$5,000 budget, and that three of the eight were forced to operate on approximately \$1,000 for the year. It is

also significant that five of these eight counties had assessed valuations ranging from \$6,000,000 to \$9,000,000, and populations ranging from 6,000 to 14,000. The total population served by the 14 county libraries was 367,005 or about 7 per cent of the population of the State. The average support of the 14 county libraries was approximately 23 cents per capita, which is less than one-fourth of the recognized national minimum standard.

Thus it is evident that under the present means of financing, many counties cannot establish libraries at all, or cannot provide adequate support following their establishment.

Health Units

Public health authorities are agreed that in order to furnish adequate public health service, a complete "County Health Unit" is required. Such a unit is "composed of full time, trained personnel engaged in the application and demonstration of the known preventive health measures."¹⁰ This unit includes a doctor, a nurse, a sanitarian, and a clerk or stenographer, and is capable of providing a complete health program. But in order that the staff may be adequately supported and fully occupied, a definite minimum population is needed. Officials of the Texas State Department of Health believe that each unit should serve at least 20,000 people. This is a significant fact, because 172 counties have populations of less than 20,000 according to the 1930 census.

In 1936 only 12 county health units were in operation in Texas, despite the fact that 82 counties have 20,000 or more people. These 12 units include a total of 14 counties since one unit is on a cooperative basis and covers three counties. These units serve approximately one per cent of the rural population of the State. In addition to the 14 counties having health units, 24 counties have a full time county nurse. (Two of the 24 counties have both a white and a colored nurse; the rest have only a white nurse). While these nurses have rendered outstanding services, they cannot provide a complete and well rounded public health program.

The importance of public health work and its lack of development in Texas has been emphasized by a bulletin of the Texas Planning Board issued in 1936. According to this bulletin, "The State of Texas appropriated 10.73 cents per capita for the current fiscal year 'to protect the domestic animals of the State from all malignant, contagious, or infectious diseases.' The State Board of Health, whose duty is 'the prevention of infectious and contagious diseases affecting the lives of the citizens of Texas,' however, received only one-third of this amount or 3.68 cents per capita for the fiscal year ending August 31, 1936." For this year only \$10,000 was available as state aid to the 38 counties making some effort to provide public health services. The report further stated that the lack of organized county health units kept the State from sharing to a much larger extent in the funds offered by the Federal Government.

¹⁰ Peterson, Don C., M. D., C. P. H., "The Value of the County Health Unit in Public Health," Texas State Journal of Medicine, February, 1935.

In 1934 more than 17,500 persons in Texas lost their lives unnecessarily because of preventable diseases. This was almost one-third of the total number of deaths for that year. Valued at \$10,000 per life, this was an economic loss of more than \$175,000,000. Even the cost of the 17,576 funerals estimated at \$200 each amounted to \$3,513,400 or 17 times the total state appropriation for health purposes in 1936. Forty-four states appropriated more for public health work than did Texas, and this despite the fact that the death rate from preventable, infectious, and contagious diseases in Texas was nearly twice that for the entire country.

One of the reasons for the slow development of public health work in Texas is that so many counties do not have sufficient population and wealth to support the service. The consolidation of counties would eliminate this difficulty in many instances.

County Farms

Professor Paul W. Wager has determined that in North Carolina a county farm cannot be economically operated for fewer than 40 persons.¹¹ Other investigators have found this figure to apply reasonably well to conditions in their states. Only 13 counties of the sample own county farms, and only 11 were operating them in 1933. Four or five approach the figure of 40 inmates, but the others are considerably below. It is undoubtedly true that some Texas counties are maintaining county farms at an exorbitant cost when the quality of service is considered. Virginia has attacked this problem by replacing 23 separate farms with 4 district farms, and reports are that the plan has been quite satisfactory. In the first 5 years under this plan, the per capita cost has been cut in half, despite the fact that modern equipment, nursing and medical service, and standardized diet and care have been provided.¹²

County Jails

There is no doubt that many Texas counties are not properly maintaining their jails. Four counties had an average daily prison population of less than one, and 10 counties had an average of less than five prisoners, while only nine counties had an average of more than 20 prisoners per day. It is significant that three counties found a substantial saving could be realized by using the jails of neighboring counties. This is a definite indication that these counties were too small to support a jail for the few prisoners involved.

Although a population of 20,000 is used as a basis for the foregoing examples, it should be understood that this is a minimum and not a maximum figure. A larger population would be even better, for there is no indication from the data of this study that the advantages of larger populations stop at any particular limit. Certainly counties of 50,000

11 Quoted in: Bradshaw, Wm. L., "The Missouri County Court," University of Missouri Studies, V. 6, No. 2, p. 181.

12 Virginia Commission on County Government, "Report on Progress in County Government, County Consolidation and the Fee System in Virginia and other States," House Document No. 9, 1934, p. 15.

to 60,000 population are none too large. Such counties would be capable of supporting all necessary or desirable service at a low cost. A reduction in the number of counties would also aid in establishing state administrative supervision by reducing the number of officials and records involved.

Functional Consolidation of Counties

One type of consolidation which has not been mentioned thus far is based on the voluntary cooperation of two or more counties. In all such cases the complete identity of the county is maintained, but its resources are pooled with those of another county in order to provide a particular service. This type of consolidation has been recommended with considerable reluctance by students of local government. Although the plan has worked fairly well in particular instances, it has several objectionable features. In the first place, county officials hesitate to cooperate in launching such arrangements. In the second place, an unusually capable administrator is required because of the difficulty of maintaining satisfactory relations with two or more groups of officials. For example, it is a difficult matter to devise a workable plan of distributing the costs among the counties affected. In the third place, functional consolidation may be expected to increase and not decrease the complexity of the governmental pattern. This is true because all of the existing counties are continued; they merely add the cooperative arrangement to their present organization. In practice, any extensive application of the plan might mean that a particular county would be cooperating in several different groups each of which provided particular service. The resulting pattern would certainly be more confusing than the existing one.

The following examples of functional consolidation were found in the counties of the sample:

1. **Feeding and guarding prisoners.**
Armstrong County uses Potter County jail; Real County uses Uvalde County jail; Sherman County uses Dallam County jail.
2. **County auditor.**
Waller County uses the Austin County auditor.
3. **Agricultural agents.**
During a portion of the year 1933, six of the 38 counties were cooperating with other counties in providing agricultural agents. These groups were as follows: (1) Martin and Midland; (2) Sherman, Dallam, and Hartley; (3) Somervell, Hill, and Freestone; (4) Waller, Austin, and Colorado; and (5) Webb, Jim Hogg, and Duval. In Martin and Midland Counties a county agent was employed for five months, and a home demonstration agent for six months. In the other four groups the plan applied only to the home demonstration agent and was in effect from one to three months in each instance. Thus, in so far as experience in these counties is typical, no conspicuous success is indicated.
4. **Hospitals.**
Armstrong County contracts with the Potter County hospital to keep its charity patients. The cost was based on a flat rate of \$17.50 per week, and amounted to \$216.50 in 1933.

These 10 cases of functional consolidation involved a total of 24 counties, only 11 of which were in the sample group. The picture is summarized in Table 21.

TABLE 21. Functional consolidation of counties.

Activity	Number of Counties		
	Total	In Sample	Not in Sample
Feeding and guarding prisoners.....	6	3	3
County auditor.....	2	1	1
Agricultural agents.....	14	6	8
Hospital.....	2	1	1
Total.....	24	11	13

Cooperation of Units Within a County

The most common type of cooperation remains to be discussed. This cooperation is between the units within a county as opposed to cooperation of two or more counties. Information on some of these cases has been presented under other sections, but is repeated here in order to bring all examples together.

1. Assessing property and collecting taxes

A. Villages

Three villages located in the three counties of Kaufman, Medina, and Travis, contract with the county to assess and collect their taxes. In these cases the county valuation is used for village purposes but the village has its own tax rate. In three other villages, a special assessor makes the valuation, but the county assessor and collector collects the taxes. Two of these villages are in Red River County and one is in Willacy County.

B. Independent School Districts

Forty-seven independent school districts located in 19 counties contracted with the county to assess and collect their taxes. These districts, therefore, accept the county valuations, but apply their own tax rates. Fifteen other independent school districts, located in seven counties, made their own property assessment, but contracted with the county to collect the taxes. Thus, 62 of the 165 independent districts in the 38 counties partially or wholly surrender their legal right to assess and collect their own taxes, and rely upon the county for this work. This is an indication that it should be possible, without a great deal of difficulty, to modify the system so as to allow one valuation to serve for all units of government within the county. It would then be possible for the same agency to collect all taxes for the various units.

2. Health and Welfare

A. County Nurse

Kerr County and the Kerrville Independent School District join with the State in supporting the nursing service. Comal County and the City of New Braunfels join in supporting this service. Brazos County, the City of Bryan, and the State cooperate in supporting this service.

B. Hospitals

Eastland County and the City of Ranger cooperate in operating the public hospital.

C. County Farm and Paupers

Lubbock County and the City of Lubbock cooperate through the medium of a city-county welfare board which administers the county farm and all other charities. Hall County and the City of Memphis cooperate in granting allowances to paupers.

D. Humane Officer

Travis County and the City of Austin join in paying the salary of the humane officer.

3. Libraries

Cooke County and the City of Gainesville cooperate in maintaining the county library.

According to the information obtained in the 38 counties, there were 76 cases of cooperation between the counties and other governmental units within the counties. By far the most common instance of cooperation was in the assessment of property and the collection of taxes. In all, the various counties assessed or collected taxes or both for six villages and 62 independent school districts. In addition, seven cities and one independent school district cooperated with the county in various health or welfare services. These examples indicate that officials are willing to cooperate when suitable arrangements can be devised. There is undoubtedly a good possibility that this type of cooperation will be extended in the future.

The cases of cooperation between a county and another unit within its boundaries are summarized in Table 22.

TABLE 22. Functional consolidations within counties

Activity	Total No. Units	Villages	Indep. School Districts	Cities
Assessing and Collecting Taxes.....	50	3	47	.....
Collecting Taxes.....	18	3	15	.....
County Nurse.....	3	.....	1	2
Hospital.....	1	.....	.....	1
County Farm and Paupers.....	2	.....	.....	2
Humane Officer.....	1	.....	.....	1
Library.....	1	.....	.....	1
Total.....	76	6	63	7

Administrative Processes and Their Relation to Savings

Administration may be defined as the management of men and materials in carrying out the processes of government. If management is good, the services desired of government are performed at a high level of efficiency and at the lowest possible unit cost.

In order to get a better idea of these administrative processes, it is desirable to develop the approximate chronological order in which they are performed. It is necessary in administering counties to (1) prepare budgets showing the estimated revenues and the anticipated expenditures of future periods; (2) determine the tax rate and assess and collect taxes; (3) maintain financial records showing all transactions of the county; (4) supervise the performance of direct services such as roads and bridges.

Budgeting

The budgeting process is nothing more than the preparation of a financial plan for some future period of time plus the husbanding of the plan throughout that period. Although the term may be relatively new, the idea itself is quite old. People have always made some attempts to budget their time, their energy, and their money.

In the formulation of a budget careful estimates should be made of the costs of maintaining the different services provided by the county, and all possible savings should be considered. Then the probable income from all sources should be considered in the same thorough going way. In normal times the probable income should exceed expenditures enough to allow for unusual items which cannot be anticipated. Just how much money is to be spent and how it is to be raised are matters of public policy concerning which any citizen is entitled to a hearing. But the necessity of balancing receipts and expenditures over a period of time should prevent radical changes in either receipts or expenditures for any particular year.

Following the preparation of the budget and the determination of the tax rate comes the actual putting into practice of the budget plan. This involves operating according to the budget throughout the year. One of the best means of accomplishing this is to formulate a report each month showing just what has been spent to date and how much remains for the rest of the year.

Under the Uniform Budget Law of 1931, the county judge is made the budget officer of the county. It is his duty to prepare the budget for the forthcoming year and he has the right to call upon the county auditor, if there is one, or the county clerk for any necessary assistance. The law also provides for a public hearing upon the proposed budget prepared by the county judge. There is no provision, however, as to the preparation of any monthly control form to aid in living within the budget during the year. Following the public hearing the budget is adopted by vote of the entire commissioners' court.

Now what is the record of Texas counties so far as budgeting is concerned? In the first place, none of the sample counties made a complete budget prior to 1931, although the law permitted them to do so.¹³ At the present time all 38 counties make some attempt to use a budget system. That is, they prepare some sort of document and call it a budget, and they make some effort to live within it during the year. It is, perhaps, too much to expect that county officials should have developed good budgetary procedure in the short period since 1931. But it should be noted in this connection that there was nothing to prevent the preparation and use of budgets prior to that time, except the indifference of local officials and the lack of a chief executive.

An examination of county budgets shows almost every conceivable degree of completeness and accuracy, despite the fact that the form is prescribed by the State Comptroller and instructions are furnished. On the whole, considerable improvement is being made from year to year and eventually most counties should create a workable budget system, provided the State takes an active interest in the work. In addition to the weakness in the original budget two other fundamental defects in budgetary practice are especially noticeable. One is that few counties

¹³ In counties having county auditors the auditor was required to prepare a budget but seldom did a thorough job. There was no requirement for other counties.

make a monthly check to see if the budget is being followed, and the second is that commissioners' courts are prone to make too frequent use of their power to make emergency appropriations. Under the budget law any special expense which could not have been foreseen may be treated as an emergency and a special supplementary appropriation voted for the specific purpose. But frequently courts have spent more than was budgeted for their ordinary operations, and then passed a so-called "emergency appropriation" for the excess. This is a violation of both common sense and law.

Lest it be thought that the budgeting process is technical, complicated, and altogether unnecessary for the purpose of operating a county, let it be understood that the budget law requires nothing of county officials which qualified officials having an interest in their work should not do anyway. For officials should study their jobs and their system of government in order to know how it is financed and in order to operate within their income. This is no more than orderly, alert, day to day attention to the work at hand. The fact that budgeting, or planning the county finances, has not been further developed is an indication of some four factors which share the responsibility: (1) the State has not given the proper help and encouragement to counties; (2) the accounting systems of counties are so disjointed as to make budgeting unnecessarily difficult; (3) the lack of qualifications and short terms of county officers has not been conducive to best results; and (4) the absence of a responsible head for the county system has divided responsibility and made the task extremely difficult.

The installation of a budget system is a step in the right direction, for it recognizes that proper control of expenditures is the most effective means of limiting taxes. Under the old system, limitations on tax rates did limit the amount of taxes collected, but at the same time the absence of "budgeting" or expenditure control frequently allowed considerably more money to be spent than was collected. Eventually large amounts of floating debt resulted, which had to be funded and retired as a regular bond issue. The retirement of this floating debt, in turn, decreased the amount of money available for current operations and caused the creation of still more debt. It should be recognized that public officers seldom desire to raise tax rates, whereas they are generally anxious to increase expenditures. Consequently, if expenditures are controlled, the tax rates are automatically and effectively limited.

Assessing and Collecting Taxes

Effective January 1, 1935, the offices of assessor and collector of taxes were combined, but prior to that time two separate officials were elected. The details of the procedure have remained the same under the single official, but there has been a reduction in the number of county officers and a consequent saving.

The assessment of property is one of the most difficult problems of county government, but it has received relatively little attention from county or state officers. Assessors are elected for two-year terms and

given little incentive or opportunity to study the problems of their work. In this connection, again the State has neglected to offer the assistance and supervision which it is, or should be, qualified to give.

It appears that little use is made of available information in determining the proper valuation of property. Only 13 of the 38 counties reported that an attempt was made to secure data on sales as a guide in valuing property. Only 10 of the 38 counties have anything approaching a map and plat system recording the location and ownership of every piece of real estate in the county. Six of these counties have fairly complete systems and the other four have done some work on it. Virtually all assessors are agreed that such a system is needed but have an exaggerated idea of its cost. As a matter of fact such a system could and should be created by the assessor as a part of his job. The failure of most assessors to work on such a plan is due to their short terms of office and to lack of interest and support from the commissioners' court and the public.

On the collection end, one of the great weaknesses is the reliance upon special delinquent tax collectors. Twelve counties reported that such collectors had at some time been employed, and three counties were employing such collectors in 1935. The fact that a county should find it necessary to employ a special man in addition to the regularly elected official, is an admission of inability or unwillingness to make the existing system work. Barring incompetency, there is no reason, except the fear of political consequences, that the regularly elected official should need special assistance in collecting taxes. As one indication of lax collection methods, it may be noted that few counties make adequate use of tax notices. Many times a notice will collect taxes that otherwise become delinquent. People do forget to pay their taxes if they are not reminded. It is no more than good business practice to see that a notice is furnished and that it is followed up with a second or third notice, whenever necessary.

The fees for assessing and collecting taxes varied considerably for the different counties in 1933. The cost of assessing ad valorem taxes ranged from 50 cents per \$1,000 in counties under \$5,000,000 valuation to 25 cents per \$1,000 in counties having more than \$21,000,000 assessed valuation. The average fee per \$1,000 for the entire group was 29 cents. Total fees collected by county assessors for this portion of their work amounted to \$131,000 or \$3,447 per county. On an average, 2.2 per cent of the county ad valorem taxes collected was retained by the tax collectors as fees. But the percentage retained varied from 5 per cent in the small counties to 1.2 per cent in the larger counties. Likewise the fees for issuing automobile licenses averaged 4.7 per cent, but they ranged from 7 per cent in the small counties to 3 per cent in the larger counties.

These differences in costs are caused by a scale of fees which allows the highest fees for the first collections. From the standpoint of good tax collections it would be far more reasonable to increase the fees as the tax collections increased. Then as the difficulties of collecting increased, the compensation would also be raised. This is the opposite of present practice.

In Texas, as in most states, the tax collector has been considered more important than the assessor. This is a mistake, for in reality the collecting end of the job requires far less ability. The importance of the assessor's work and the failure thus far to secure anything approaching an equitable assessment is well stated in Texas Agricultural Experiment Station Bulletin No. 458, as follows: "Authentic reports dealing with the sources of taxes and the sources of net income of individuals reveal the situation in which property yielding only one-fifth to one-fourth of the net income of the entire population of the State is the source of three-fourths of the direct taxes of the State and local governments. Gross inequalities were revealed in the assessment of individual properties. The more significant of these were: failure to assess property at full value, wide difference in assessment levels from county to county, extreme variation in the percentage of assessed value to sales price between individual properties, and the tendency to tax small farms and small city properties at a higher rate than large farms and large city properties. For example, in the case of 917 farms, 75 per cent was assessed at 11 to 50 per cent of their bona fide sales price; the average percentage of assessed value to sales price in each of the eight counties studied ranged from 15.7 per cent to 46.8 per cent; the percentage of assessment to sales price on 177 farms sold in 1929 in a single county varied from 15 per cent to 118 per cent; and farms selling for an average of \$9,000 to \$10,000 were assessed at 20 per cent and less of their sales price, whereas farms selling for an average of \$2,000 to \$3,000 were assessed at 50 to 70 per cent of their sales price.

"The gross inequalities in taxation revealed in this study suggest the need for drastic changes, not only in our methods of assessment but also in the fundamental principles of our tax system. Among the more important changes possible are: broadening of the base of our tax structure so as to include a personal income tax to be substituted for taxes on intangible personal property, and reduction of the general property tax by the amount of revenue derived therefrom; selection of county assessors on the basis of competitive examinations under Civil Service rules; provision for central control and supervision of assessment by a state tax commissioner or commission; and requiring that much greater emphasis be placed on the technique of assessing individual properties." ¹⁴

Accounting and Auditing

A careful reading of the laws regarding accounting and auditing in Texas counties indicates that accounts should be kept on the same basis in all counties. In practice, however, uniformity has not been attained, because each county has been allowed to follow its own interpretation of the law, or in some cases to disregard the law entirely.

The system contemplated in the law is based on the old familiar idea that honesty in public office is all that matters, and that the way to achieve honesty is to have several officers pass upon each transaction in

¹⁴ Gabbard, L. P., "Inequalities in Taxation of Farm Lands and City Property Due to Scope and Method of Assessment."

order that one may check upon the other. For example, the prescribed system as to the payment of claims against the county is as follows: (1) the claim is presented to the county clerk who is to check the arithmetic; (2) when the commissioners' court meets, the clerk presents the claims and the court approves them; (3) the clerk then records the claims in the "Minutes of Accounts Allowed" which shows (or should show) the amount of the claim, who receives the payment, and the fund from which it is to be paid; (4) the clerk writes a warrant for each claim; (5) this warrant is simply a demand on the county treasurer who must write a check on the depository to take up the warrant issued by the county clerk. In case money is not available to pay a warrant, the county treasurer registers it according to the prescribed formula, and then takes it up when the money is available.

In practice this confusing, unnecessary system has not prevented dishonesty in any way. Instead of checking one another, each officer depends upon the other, thereby making it impossible to fix responsibility, and at the same time confusing the average citizen. It would be difficult to conceive of a more awkward or imperfect scheme. It has failed to prevent the occasional dishonesty of a county officer, and in most cases has effectively prevented the installation of a more efficient system.

The auditing of county accounts is almost as imperfect as the accounts themselves. In counties required to have an auditor, the appointment is made by the district judge. Following appointment, the auditor usually finds that the easiest way, and sometimes the only possible way, to keep up with county business is to keep the financial records himself. In the end, therefore, auditors find themselves keeping the financial records of the county and auditing their own accounts. Meanwhile, the county clerk and county treasurer continue to maintain at least a portion of their fragmentary records. The foregoing statement does not mean that the county auditors have not rendered valuable services. It does mean, however, that political considerations affecting their appointment plus the development of the auditor as a bookkeeper has minimized the benefits which auditors should render. For example, auditors have failed to enforce the laws governing finance although they have the power to do so. This failure is chiefly explained by the fact that the district judge appoints the auditor and the auditor knows that outspoken opposition to the commissioners' court is apt to mean that he will not be reappointed. Despite these facts it is true, however, that county auditors have generally improved the situation in their counties. It is ordinarily much easier to secure reliable financial data in counties having auditors, and the availability of such information must inevitably improve administration.

In those counties not required to have full-time county auditors, the law provides for the employment of special auditors by contract. It is in these cases that the worst abuses have occurred. In the first place, commissioners' courts think of audits in terms of "honesty," and frequently are not interested in the auditors' comments on improving the efficiency of operations. In the second place, the contract for a special audit is usually let on competitive bids without specifying the type of audit to be made. Consequently, the firm receiving the contract does what it can for

the price and submits a report. It is also true that the desire to secure the job another year may influence some auditors to omit unpleasant findings. In the third place, many of the so-called "auditors" are not qualified for the work which they do. Distinct failures to observe the law may go unnoticed while minor discrepancies are fully reported.

These comments are based on actual experience in examining county records and audit reports in Texas counties. But they were also emphasized as early as 1926 by one of the outstanding auditors of the State. In speaking before the annual meeting of the Texas Society of Certified Public Accountants regarding the auditing of Texas counties, he said, "These, as a matter of fact, have long stood most in need of intelligent and honest service on the part of the professional auditor called in from time to time to review their finances, and it is my opinion that on the average for the time and money expended they have received the poorest sort of service. The numerous reports of so-called audits to be found in the courthouses of Texas are mute evidence that this statement is true."¹⁵ It is unfortunately true that this statement applies about as well in 1936 as it did 10 years ago.

In fairness to the auditing profession it must be stated that many qualified auditors understand and regret this situation. It is also true that county officials frequently fail to put into effect the recommendations that qualified auditors make. For example, counties consistently fail to improve their accounting systems with the result that auditing costs are increased unnecessarily, simply because of the tedious and unnecessary work involved. In one county of the sample the continued use of a certain type of record in preference to the type recommended by the auditor almost doubles the auditor's work and consequently the cost of the audit. The annual auditing cost in this county since 1931 has averaged above \$700, but possibly one-third to one-half of this amount might have been saved if the auditor's recommendations had been followed.

Eleven of the 38 counties of the sample are required to have full-time auditors; two counties have full-time auditors and four have part-time auditors by special request of the commissioners' court to the district judge; and one county cooperates with another in employing an auditor. Thus, 18 counties have some degree of regular auditing service. As to the contracted or special audits, 12 counties reported that an annual audit was made, six reported an audit every two or four years, six reported an "occasional" audit, and 14 reported that no special audit had ever been made so far as anyone knew.

To illustrate the looseness characteristic of county business methods, another illustration may be used. In a certain Texas county, an auditor employed to make a general audit found the district clerk to be short about \$770. The commissioners' court refused to accept this finding and employed another auditor who found the shortage to be \$1,946. Still another auditor employed by the surety company which had bonded this

¹⁵ Armistead, George, "Auditing Counties in Texas," *Journal of Accountancy*, July and August, 1926.

official found the shortage to be only \$142. In the meantime, the officer in question died, and the commissioners' court settled with the surety company for \$1,045, of which amount the county attorney received \$102 for special services. County officers familiar with the case did not question the honesty of the district clerk, but stated that his records simply could not be deciphered.

In the same county, as a result of an audit, suit was filed against the sheriff for \$2,113 in fees due the county. The commissioners' court in reconstructing the case found this claim to be in error by the following amounts: (a) \$1,978 representing the purchase price of automobiles purchased "with the knowledge, consent, and acquiescence of the commissioners' court," (b) \$31 called "other items," and (c) \$370 which the sheriff had paid to the county but which was later disallowed by the Comptroller of Public Accounts. The total of these "errors" is \$266 in excess of the amount of the suit. Consequently, the suit was dismissed, the county paid the costs, and the sheriff accepted one of the cars in payment of the \$266 which was found to be due him. It is significant that the auditors' report was based on what the records actually showed, and that the commissioners' court refused to accept the official record. Similar examples might be found in other counties, but ordinarily the details are not recorded so precisely in the official minutes of the commissioners' court.

The way out of these difficulties in both accounting and auditing seems clear enough. If counties are to be allowed to contract with private auditors on their own initiative, the State should have the authority to (1) pass upon the qualifications of auditors, (2) prepare standard specifications for the various types of audits, and (3) check compliance therewith. Copies of all private audits should be filed with and approved by the proper State department before payment is made.

The most fundamental remedy, however, involves the creation by the State of a Bureau of County Affairs which would have as one of its duties the annual auditing of all units of government in the State. Such a system has worked effectively in other states and has saved considerable amounts of money because it is continuously on the job. Accounting difficulties would be largely eliminated by such a system.

In the meantime, accounting and reporting would be greatly simplified if all governmental units were placed on the same fiscal year. At the present time the State and the schools operate on a year ending August 31, the county fiscal year ends on December 31, and the cities use various combinations of months. With the exception of some cities, none of these fiscal years correspond to the tax collection year, and this causes additional confusion in accounting and reporting. For example, the counties make a report to the State Auditor showing tax collections and indebtedness for the last fiscal period ending prior to September 1; another report is made to the State Comptroller showing the indebtedness at June 30; and the county budgets which include all of this information for the calendar year are also filed with the State Comptroller. One report to one state department should contain all this information.

Safeguarding Funds. One of the important duties of a commissioners' court is the selection of a depository in which to place the county funds. According to the law, bids must be taken and the bank selected must make a bond guaranteeing the safe-keeping of the funds. The law will allow good or bad handling of depository arrangements depending upon the care exercised by the commissioners' court.

Six of the 38 counties reported that money had at some time been tied up due to failure of the depository bank. In three cases the failure occurred in 1933. In all cases there was a partial recovery of the funds, but in no case was it possible to avoid some loss and much confusion. One of the chief causes leading to losses in depository banks has been the failure to consider the actual condition of the bank itself as well as the interest rate it offers to pay on county funds. There are many perplexing problems involved in the safe-keeping of public funds and as long as the banking system continues to be subject to periodic disturbances it will not be possible to completely eliminate the difficulties. It is not too much to expect, however, that counties keep as little cash on hand as possible by the use of serial in preference to term bonds, and by the use of proper budgetary procedure, and that funds on deposit be protected by the pledge of United States, State, or other acceptable bonds. There would seem to be no advantage in accepting any other type of bond from a depository bank, since a county probably cannot collect on a personal bond and it has no sure way of determining the reliability of a company furnishing a surety bond.

A recent authoritative study by Professor Martin L. Faust suggests, among other things, that the \$5,000 coverage afforded by the Federal Deposit Insurance Corporation be extended to include the deposits of all governmental units and that the costs be assessed against the units in question.¹⁶ Certainly the use of such a policy would eliminate the risks which local officials encounter in attempting to safeguard public funds.

Administering Debts. Debts are created because the current or regular tax collections are not sufficient to cover all governmental expenditures. Ordinarily all improvements having a life of several years are financed by this method because it avoids an extraordinarily large increase in the tax rate for any one year. This method also insures that the persons receiving the benefits pay the costs involved. The creation of indebtedness is justified on these grounds, but care must always be exercised in planning the debt program. In other words, debts should not be created unless there exists a real need which cannot be financed from current revenues. The debt itself should be arranged according to the best obtainable interest rates, the life of the debt should not exceed the life of the improvement, and proper provision should be made to see that the debt is actually retired according to schedule.

The dangers inherent in the creation of debts are that more money may be spent than can be repaid, and that too large a percentage of tax

¹⁶ Faust, Martin L., "The Security of Public Deposits," Public Administration Service, Chicago, Illinois, 1936.

collections may be needed to pay interest. There is no doubt that the ability to borrow money often encourages both the individual and the government to increase expenditures beyond prudent limits. Of course, the real increase in cost through the use of debts is the interest. Presumably, the cost of paving a road or building a schoolhouse is the same, regardless of the way it is financed, but if bonds are issued this cost is increased by the amount of interest. For example, \$1 at 5 per cent simple interest will double itself in 20 years and will triple itself in 40 years. Herein lies the real opportunity for saving in the management of debt. The plan which retires a debt over the shortest possible period of time requires the lowest total interest payments.

Approximately 28 per cent of the combined expense of the two units was for payment of interest and the retirement of indebtedness. These costs are much more serious for the counties than for the schools. Almost 27 per cent of the county expense was for interest and 17 per cent was for debt retirement, making a total of 44 per cent for these two expenditures. Slightly more than 8 per cent of the school expense was for interest and 4 per cent was for debt retirement.

The Amount of Debt. Tables 23 and 24 showing the indebtedness of the 38 counties are based upon the "Report on Taxes and Indebtedness of Local Units of Government in Texas for 1934." This report is prepared by the State Auditor and Efficiency Expert from an annual report submitted by the county clerk or county auditor of each county.

Table 23 shows the net debt per capita, the percentage which net debt is of the valuation, and the ratio of 1934 debt collections to the net time debt in each of the 38 counties. The net debt is, of course, the amount which remains to be raised through taxation in order to retire the total debt. In other words, it is the gross debt less all sinking fund assets.

The net debt per capita is based upon the total debt of all units and indicates the government debt for which each individual would be liable if it were all on a county-wide basis. Actually the government debt applicable to the individual citizen depends upon his place of residence and the number of special districts in which his property lies. Thus, the resident of a city has city, school district, and county debts to retire, whereas a resident of the same county living outside the city has no city debt to pay. Despite these differences which the per capita figures do not reveal, they remain a fairly good index of the relative weight of debt in the various counties. The three highest per capita debts were \$966.52, \$398.43, and \$396.60. Seven other counties have per capita debts in excess of the average of \$115.05 for the whole group. The lowest per capita debt is \$10.57.

Another way of showing the relative amount of debt is to compute the percentage which total debts are of the assessed valuation of the county. The results of this computation are shown in columns 2 and 3. Column 2 is based on the actual 1934 assessed valuation as shown by the tax rolls of the various counties. Considering the entire group as one total reveals that outstanding debts are equal to 19.4 per cent of the total assessed

valuation. This percentage is descriptive of very few counties, however. In general, these counties having a high percentage of their valuation pledged to redeem debts are the same counties having high per capita debts. Thus, the total debt in the county having the per capita debt of \$966.52 amounts to 114.4 per cent of the actual assessed valuation. In the second county the debt amounts to 62.7 per cent of the actual valuation and in the third county the debt amounts to 56 per cent. At the other end

TABLE 23. Net debt per capita; relation of debt to valuation, and relation of debt collections to net debt, 1934.

(Counties in Order of Highest Per Capita Net Debt)

Net Debt			Percentage 1934 Debt Collections were of Net Time Debt
Per Capita (All Units)	Percentage of Valuation		
	Assessed	Estimated True	
\$ 966.52	114.43	42.18	.57
398.43	62.75	37.64	4.75
396.60	56.01	33.60	1.91
288.18	42.13	16.85	1.33
225.87	29.37	14.68	5.13
142.33	15.31	7.65	4.85
134.72	16.23	4.06	9.34
133.35	27.65	8.29	7.94
132.36	12.09	5.78	10.63
123.35	22.11	11.05	6.55
112.98	19.74	7.89	6.53
109.32	30.47	15.23	4.36
106.10	10.97	3.66	10.51
106.03	20.35	8.13	7.80
105.66	14.80	5.92	5.80
103.17	19.19	6.66	7.54
102.39	22.72	11.35	6.23
98.58	14.74	7.36	8.38
98.44	18.09	6.33	8.17
89.10	30.33	20.22	4.42
73.14	6.36	2.12	8.02
70.41	12.54	7.52	8.39
69.72	15.39	13.07	5.45
66.33	14.75	8.84	7.26
65.77	4.03	2.01	3.45
64.11	20.49	13.66	7.16
64.10	8.74	3.50	8.29
61.40	5.69	2.27	13.77
59.99	8.74	4.37	3.93
47.35	9.29	4.64	9.27
43.27	9.48	3.79	5.08
42.13	12.60	7.55	6.43
36.72	7.00	3.49	16.28
32.59	5.90	2.36	6.24
29.93	5.04	3.02	10.79
28.62	7.38	5.53	7.20
25.21	4.07	2.85	14.55
10.57	1.85	.89	24.38
Average 115.05	19.45	8.89	5.64

of the scale there is one county where the total debt amounts to only 1.8 per cent of the actual valuation.

Column 3 shows the percentage that total debts are of the estimated true valuation of the various counties. Since none of the counties assessed property at 100 per cent of true value, the debts always amount to a smaller percentage of the true valuation than of the actual assessed valuation as shown by the tax rolls. It is interesting to note, however,

that the three counties having the highest percentage of debt to true valuation occupied the same position when actual assessed valuations were used.

The last column which shows the ratio of 1934 debt collections to net time debt is especially important because it reveals the possible percentage by which total net indebtedness was reduced in the various counties. Assuming that the average interest rate on indebtedness amounted to 5 per cent, then the total debt collections, including collections made for operating funds but used for debt purposes, must have amounted to 5 per cent of the net debt in order to pay the interest. In such cases the net debt was the same at the end of the year as at the beginning. On the other hand, if debt collections amounted to more than 5 per cent, the excess amount reduced the net debt by just that much. For example, one county by collecting taxes amounting to 24.3 per cent of the total debt was able to reduce the debt by 19.3 per cent after paying 5 per cent interest.

Considering the group as a whole, debt collections amounted to 5.6 per cent of the net debt; consequently, using the interest rate of 5 per cent, only 0.6 per cent was used to reduce indebtedness. It is to be noted that the counties having the largest amount of indebtedness were among those having the lowest debt collections in proportion to the total debt. In all, nine counties failed to collect enough to pay 5 per cent interest while the remaining twenty-nine counties paid 5 per cent interest and applied something on principal. On this basis, the county having the largest debt collections will be able to retire its total debt in approximately five years.

While these figures are descriptive and indicate the failure of some counties to make proper provision for the retirement of their indebtedness, they are not entirely complete. Two factors which affect the situation have not been considered thus far. One is that the indebtedness of the various types of water districts is partially supported by funds other than taxes. Charges for the use of water furnished by an irrigation district may be used to retire some of the indebtedness. This factor, however, probably does not affect the situation very much and may be ignored at the present time.

The second factor is of more importance. It involves the payment by the State of a portion of the county road bond indebtedness under the bond assumption act. Under this act, one cent of the gasoline tax is used to pay the interest and principal of bonds issued by the various counties for the construction of state highways. The bonds remain the legal obligations of the counties and must be paid from local taxes if the state aid is not sufficient to pay the State's portion. In 1933, the amount paid by the State on county bonds amounted to \$974,219 in the 38 counties of the sample. This amount is equal to 1.2 per cent of the net debt. If this amount is assumed to apply also in 1934 and is added to the taxes collected for debt purposes, the resulting ratio of debt collections to net debt becomes 6.7 per cent for the 38 counties. With the State continuing to extend aid in this amount and with interest

at 5 per cent, 1.7 per cent of the principal would be retired annually. At this rate it would take 56 years to retire the existing debt. Of course, this does not consider the fact that total interest charges would be reduced annually because part of the bonds are of the serial type and that, therefore, more money would actually be available for debt retirement if gross collections remained the same and no new debts were created.

It may also be well to note that according to the State Auditor's report the 38 counties do not accurately represent the entire State on this point. The total debt collections for the State amounted to 7 per cent of the total net debt. This is 1.4 per cent higher than for the 38 counties, and means that for the State as a whole the net debt was reduced by approximately 2 per cent from local tax collections alone. If this figure is adjusted by the amount of the state aid for road bond retirement, estimated at \$8,000,000, an additional 1.2 per cent is added. Thus, for the State as a whole, debt collections, including state aid, amounted to 8.2 per cent of net debt and about 3.2 per cent went to reduce the amount of debt.

These figures check rather closely with the actual reduction in net debt for the entire State as shown by the State Auditor's reports. The average annual reduction for the three-year period 1932-1935 was approximately 3 per cent.

Defaults. In studying the debt situation it must be kept in mind that the total debt is applicable to several more or less independent governmental units. When tax collections of all units are combined and the ratio of collections to net debt computed, the result may be favorable for all units, when actually certain ones are in default on interest or principal of bonds. Complete information on the units that are or have been in default is not available, but according to the report of the Board of County and District Road Indebtedness, on December 31, 1934, 60 counties were in default on interest or principal, or both, of one or more road bond issues. This list includes 10 of the sample group. In 8 of these counties the default was on principal only, indicating that local tax collections plus state aid was sufficient to meet all interest payments, but was not sufficient to meet the payments due on the debt itself. In 2 counties the default was on interest only, and involved very small amounts.

The report of the Bond Buyer at December 31, 1934, indicated that 193, or one in every 43 governmental units in Texas, were in default on interest or principal, or both. A report from the same source at July 1, 1936, indicated a total of 226, or one in every 37, units in default.

Table 24 shows the tax rate that must be levied throughout the next 30 years in order to retire the existing indebtedness. It makes no allowance for delinquent taxes, and so may be regarded as the absolute minimum rate. However, if current and delinquent tax collections combined equal current taxes levied for any particular year, then the rate is correct. On the other hand, if current and delinquent collections

TABLE 24. Tax rate needed to retire outstanding time debt in 30 equal annual installments, with interest at 5 per cent.

(38 Counties Arranged in Order of Highest Per Capita Debt)

Tax Rate per \$100 of					
Assessed Valuation			Estimated True Valuation		
All Units	County Only	School Only	All Units	County Only	School Only
\$ 7.44	\$.12	\$.17	\$ 2.79	\$.04	\$.07
4.08	1.68	.41	2.45	1.01	.24
3.64	.92	.39	2.19	.55	.23
2.74	.47	.08	1.10	.19	.03
1.91	.96	.11	.96	.48	.06
1.00	.81	.13	.50	.40	.07
1.06	.28	.23	.26	.07	.06
1.80	1.21	.45	.54	.36	.14
.79	.29	.22	.38	.14	.11
1.44	.24	.50	.72	.12	.25
1.28	.41	.17	.51	.16	.07
1.98	.95	.09	.99	.48	.04
.71	.52	.10	.24	.18	.03
1.32	.75	.32	.53	.30	.13
.96	.56	.21	.39	.23	.09
1.30	.55	.28	.43	.18	.09
1.48	1.00	.16	.74	.50	.08
.96	.30	.32	.48	.15	.16
1.18	.56	.21	.41	.19	.07
1.97	1.40	.29	1.32	.94	.20
.41	.04	.14	.14	.01	.05
.82	.50	.15	.49	.29	.09
1.00	.85	.15	.85	.72	.13
.96	.67	.01	.58	.41	.01
.26	.09	.16	.13	.04	.08
1.33	1.10	.03	.89	.74	.02
.57	.21	.08	.23	.09	.03
.37	.13	.17	.15	.05	.07
.57	.35	.22	.28	.17	.11
.61	.39	.03	.30	.19	.01
.62	.21	.16	.25	.09	.06
.82	.35	.12	.49	.21	.07
.46	.09	.25	.23	.05	.12
.38	.25	.06	.15	.10	.02
.33	.05	.15	.20	.03	.09
.48	.38	.10	.36	.28	.08
.27	.08	.14	.19	.06	.10
.12	.06	.06	.04	.02	.02
Ave..\$ 1.27	\$.48	\$.20	\$.58	\$.22	\$.09

combined are less than current taxes levied, the rate is too low to produce the necessary revenue. Thirty years is used as the unexpired life because much of the existing debt is in the form of 40-year bonds which have been outstanding some five to ten years. It is also true that if the net debt of all local units in the State is reduced by 3.4 per cent annually (the reduction indicated by the State Auditor from 1934 to 1935) it will take 29.4 years to retire the total debt. Therefore, the figure of 30 years seems to fit the picture fairly well.

The interest rate of 5 per cent is also used in this computation. This table, like the preceding one, is based on the assumption that all indebtedness within the boundaries of the particular county is to be retired from taxes levied against the assessed valuation determined by the county. It is, therefore, in every instance a measure of the

amount of debt, but it is not, except in a few instances, a measure of the amount of debt which will have to be retired from local ad valorem tax collections. In view of the overlapping territory of units within various counties, there is no other way of developing this information. The table is divided into two parts, one showing the necessary tax rates based upon the actual assessed valuations of the county, and the second showing the tax rate that would be necessary if property were assessed at 100 per cent of true value. As previously explained, none of the 38 counties are assessing property at 100 per cent of its true value when the entire property of the county is considered. Instances of assessment of individual properties at more than 100 per cent, therefore, do not affect the situation. Because of this universal practice, the tax rate on this basis is always lower than the rate based upon the actual assessed value. Whether the difference is large or small depends upon the percentage used in the particular county. If property is assessed at 50 per cent of true value, as is estimated in a few counties, the rate is exactly twice as large on the actual as on the estimated true valuation.

This table presents in another way the importance of the debt question in all counties, and the especial importance in a number of counties. Considering the entire group as one, a rate of \$1.27 per \$100 of assessed valuation would have to be levied for the next 30 years in order to retire the existing indebtedness. The county debt alone would require a rate of 48 cents and the school districts a rate of 20 cents per \$100 of assessed valuation. Reference to the individual counties discloses that this weighted average (or total) rate applies exactly in very few cases. Four counties, however, are very close to the average figure, and several other counties require approximately the average rate for either the county or the schools. This table emphasizes also the weight of debt in three counties. In order to retire the total indebtedness in 30 years, tax rates of \$7.44, \$4.08, and \$3.64 per \$100 of assessed valuation would have to be maintained for the entire period unless the assessed valuations should be increased. But even if property were assessed at 100 per cent of its estimated true value the rates would still be \$2.79, \$2.45, and \$2.19, respectively, in these counties. Thus, no matter how the situation is approached, the tremendous amount of debt in these counties is clearly indicated.

The effect of state aid in retiring county bonds issued for the construction of state highways is to reduce the tax rate needed. But the amount of the reduction differs materially from one county to another. No computation has been made for the individual counties, but the reduction in the average tax rate of the sample would amount to about one-seventh. On this basis the average tax rate for the entire group would be reduced from \$1.27 per \$100 of assessed valuation to approximately \$1.09.

Legal Limitations on Debts. The foregoing comments on the debt situation in Texas have made no mention of limitations. In fact, the discussion has indicated rather clearly that no effective limitations have existed because local governmental units have been able to incur debts

in excess of prudent limits. The debt situation is another indication that the management of local governmental affairs cannot be effectively carried out through a program of State laws and constitutional restrictions unless the State creates an agency other than the courts to advise the local units. Though questions of legality do arise concerning all bond issues, they are less important than the other problems involved. Such administrative problems as determining the need for the improvement, the necessity for financing it by the issuance of bonds, the type of bonds to be issued, and the disposal of the bonds at the best net price have been consistently neglected. Meanwhile, emphasis has been placed on the routine job of determining whether or not bond issues are in accordance with legal restrictions.

Limitations concerning indebtedness are found in both the Constitution and the statutes. Such limitations affect the type, amount, purpose, length of life, and interest rates on bonds and time warrants. Because of the situation which has developed under these restrictions there is no doubt that the provisions governing the creation and management of debts should be strengthened and revised. While the details of these limitations do not need to be elaborated here, it may be helpful to summarize the more common defects which are revealed. (1) Debts have sometimes been created for the purpose of financing current operations. This was usually handled through the issuance of term warrants or the funding of registered warrants. (2) The life of the bond issue was frequently longer than the life of the improvement, thereby forcing individuals who received no benefits to bear the costs, and at the same time tremendously increasing interest costs. (3) Term bonds have been used in preference to serial bonds, thereby increasing the complexity of debt administration and the possibilities of mismanagement. A term bond is retired in one payment from funds accumulated during its lifetime. The accumulation and management of sinking fund assets is a difficult problem for any organization, and many commissioners' courts have been unable or unwilling to find the solution. In the first place, commissioners frequently do not set the tax rate high enough to collect the money. In the second place, monies collected are frequently partly or wholly lost through poor investments. Similarly sinking fund monies are sometimes used for other purposes, in spite of the fact that such uses are absolutely prohibited by law. In the third place, failure to accumulate the sinking fund means that bonds must be refunded, thereby lengthening the life and increasing the total interest costs tremendously.

On the other hand, the use of serial bonds is accompanied by few of these difficulties. A serial bond is retired by annual payments extending over its entire lifetime. Hence, the only problem is the collection of sufficient taxes to make the annual payments. Since the money will not be on hand for more than a few months, the problems of safe-keeping and investing offer little difficulty. In addition, the total interest payments will be cut in half, disregarding the return on sinking fund investments. Because of their simplicity and ease of administration,

serial bonds should always be used in preference to term bonds. (4) The absence of a central agency for the disposal of local bonds has been a severe handicap to local units in obtaining good prices and reasonable interest rates for their bonds. The smaller units, especially, are at a disadvantage in selling their bonds. These smaller units issue bonds rather infrequently and seldom have officers who are familiar with this type of work. On the other hand, the larger units issue bonds more frequently and generally have officers who are rather familiar with the work involved. Consequently, the larger units usually get more favorable terms than do the smaller ones.

The following suggestions are offered as a means of improving the administration of indebtedness. (1) The budgetary practices of all units should be improved in order to prevent the creation of indebtedness for the payment of current operating expenses. Better budgeting would also insure the retirement of debts according to schedule. (2) Serial bonds should always be used in preference to term bonds. (3) A state agency should be given the duty of advising with and helping the local units in creating and administering indebtedness. This agency should have the power to disapprove the issuance of bonds, under certain conditions, and should also be responsible for the sale of all bonds issued. This agency should serve as a connecting link between the bond buyer and the seller—giving information and protection to both. (4) The constitutional and statutory limits on debts should be revised and codified.

Purchasing Materials and Supplies

No part of county business is handled with less care than the purchasing of materials and supplies. In many instances county officers do not know the law and in other instances knowledge does not lead to observance. The law clearly states that bids shall be taken on all supplies in excess of \$150 value, and that "written bids" shall be required for all purchases in excess of \$2,000 value.

The law will allow a well-designed system of purchasing to function, if the various elective county officials are willing to cooperate sufficiently well to make it work. In 12 of the 38 counties, it was reported that a designated purchasing officer, usually the county auditor or the county judge, did all the purchasing. In 16 of the counties, the official desiring the item secured the approval of the purchasing officer, but made the actual purchase himself. In the remaining 12 counties each official buys as he chooses—secure in the knowledge that the commissioners' court will approve the claim. It is doubtful, however, if any of the counties actually have a completely centralized purchasing system, though several of those having county auditors approach it very closely, with the possible exception of road and bridge funds over which they have little control.

Almost every conceivable device has been used to evade the laws on purchasing, and, worse still, many inadvisable purchases have been made, even when the law was followed. In some courthouses there are

enough janitorial supplies to last for several years; in others, immense quantities of grease and oil have been purchased and stored. Occasionally, also, some official has yielded to the invitation to purchase on open account, a procedure by which the seller agrees to hold the claim several months before presenting it for payment. Meanwhile, the officer has received and partially used the supplies. This procedure is in violation of the law, but counties have paid such claims, frequently under protest.

Contrast these everyday occurrences with the orderly procedure followed by the county auditor of Grayson County in purchasing general supplies for the county. Each officer reports his needs and the auditor takes bids each week on the quantity and quality of supplies required. This procedure is followed on all items costing as much as \$3 to \$5 or more. The saving in terms of the difference between low and high bids averages \$75 to \$100 per month. The procedure is so simple that any county may follow it without difficulty. As the requests from various county officers are filed with the county auditor, he in turn posts a request for bids on the bulletin board. This board is open to the public and shows exactly what is desired. Any firm may submit a written bid which is dropped in the locked box used for that purpose. At the designated time each week the bids are opened and tabulated. The low bid is always accepted as long as the specifications prescribed are followed by the bidder.

The auditor estimates that an additional saving of approximately \$400 per month or \$4,800 per year might be realized if the four commissioners would allow him to purchase all road materials and equipment. This figure is probably conservative. In fact, the report of a special auditor in 1932 suggested that 20 per cent of these costs might be saved through a centralized purchasing procedure. Based on 1933 experience, 20 per cent would mean a saving of \$8,000. It is significant that so far the commissioners have preferred to do their own purchasing regardless of the possible savings.

It is unfortunate that many persons regard any systematic or centralized procedure as complicated and hard to understand. Frequently a little study will demonstrate that the systematic procedure is much better than any other. This is especially true in the case of purchasing. In reality any system which insures that the quantity and quality of materials needed will be purchased at the lowest possible price is a good purchasing system. Such a system is based on the recognition that nothing should be purchased unless it is needed, that only the quantity needed should be purchased, and that quality must be related to the use to which the material is to be put. While it would be possible to secure these results without a centralized procedure, it would be very improbable to say the least. In order that best results may be obtained over a period of time, it is absolutely essential that all purchasing be done by one qualified official who is therefore in a position to know the needs and to secure best available prices. It is truly unfortunate that in some counties no such qualified official exists and that other officials probably would not cooperate anyway.

Road and Bridge Work

In 1933, the current maintenance costs of roads and bridges amounted to approximately 23 per cent of all county expenditures in the 38 counties. But maintenance plus the payments on interest and principal of road bonds amounted to 60 per cent of total expenditures. These figures indicate the tremendous importance of this one function in the whole scheme of county government. In any study which attempts to estimate the savings that might be made in operating counties, roads must, therefore, be given considerable attention.

Unfortunately, the records concerning road work are extremely incomplete. Consequently, little more can be done than to point out that tremendous wastes must accompany the mismanagement of men and materials so characteristic of road work in the counties.

The individual county commissioner is ordinarily elected as a road commissioner and, therefore, considers his job as that of maintaining the roads within his precinct. This situation is unfortunate for the reason that commissioners do not give proper consideration to other problems which they must pass upon as members of the commissioners' court. It is also unfortunate from the standpoint of the administration of roads, for, in practice, it is impossible to divide the lateral road system of a county into four parts and operate each part independently. In many ways the maintenance of such roads is a county or state rather than a precinct problem.

Only three of the 38 counties reported that roads were maintained on a county-wide basis. All the others follow the general plan under which each county commissioner supervises the roads within his precinct. Four counties employ full-time county engineers or road superintendents to assist the commissioners, but in three of these counties the roads are still maintained on the precinct basis. It is felt, therefore, that the engineers have not been given an opportunity to make a real contribution to the administration of roads. The engineer has been employed to do surveying and to aid in constructing bridges, but has not been allowed to supervise all road work. In one county the engineer has evidently been used as a protection for the commissioners. When things go well the individual commissioner takes the credit, but when a particular piece of work is criticized the commissioner explains that he followed the advice of the engineer in that case. This sort of procedure fails to utilize the help which the engineer is capable of giving. In addition to the four counties employing full-time engineers, or road superintendents, one other county has an engineer on a part-time basis.

Eight counties reported that each of the four precincts employed a full-time foreman who carried out the directions of the county commissioner. Two of the counties which handled their roads on a county-wide basis placed this work under one foreman for the entire county. Three other counties employed foremen in one or more precincts but not in all.

It is interesting to note that although the law specifically requires the State Highway Department to give advice to county officials concerning local roads, such advice is seldom requested. Seventeen counties reported that so far as was known the State Highway Department had never been consulted about any local road problem; in 20 counties officials thought advice was "occasionally" asked; the other county reported frequent consultations. Thus, it is evident that commissioners, regardless of their experience, feel that they can build and maintain roads without the help of any agency. This assurance is, unfortunately, an evidence of lack of training on their part, and is frequently costly to the county and precinct.

In a great majority of the counties information on the type and mileage of roads is not obtainable. In two counties maps had been prepared, one in 1932 and one in 1934, and officials of one other county claimed to have this information though no map had been made. In 12 counties officials thought they could estimate the type and mileage of roads, but in the other 23 counties not even an estimate could be secured. For all practical purposes it may be said that in 35 out of 38 counties the type and mileage of roads was unknown. The various estimates secured usually varied substantially from one official to another of the same county. It is rather amazing that a commissioner can drive over the roads in his precinct for two or more years without attempting to secure detailed information. It would be a simple matter to catch the mileage on the speedometer, for example.

The situation with respect to equipment is closely akin to that of mileage. In two counties, the auditor attempts to keep a record of all equipment owned, but the utter indifference or positive resistance of the commissioners makes the maintenance of such a record very difficult. In 22 counties some official, usually the auditor, county judge, or one of the commissioners, was willing to hazard a guess. But in the majority of such cases the information was necessarily incomplete as to the amount and present worth of the machinery. In the other 15 counties, no official was willing to attempt an estimate of the equipment owned.

In eight counties the equipment is owned on a county wide basis. That is, it is not considered the exclusive property of a particular precinct, but is purchased from common funds and is used wherever needed. It must be noted, however, that in five of the eight counties the machinery which is owned on a county-wide basis is managed on a precinct basis. That is, each commissioner supervises the use of the machinery in his precinct. The three other counties have essentially a county-wide system of handling county roads.

It is important that in the 30 counties in which equipment is purchased and operated by the individual precincts there is very little exchange or loaning of machinery from one precinct to another. Nineteen counties reported occasional loans but in the other 11 it was thought that machinery was "seldom or never" loaned to another precinct. While the lack of information on both the mileage of roads and the amount

of machinery on hand in the various counties will not allow a definite statement to be made, there is considerable ground for the belief that some counties are oversupplied with equipment. Machinery salesmen are adept at selling new commissioners, and then too, each commissioner likes to keep up with the others. If roads were operated on a county-wide basis, it is likely that the amount of equipment could be reduced appreciably without lessening the amount of work done. Dr. Wallace C. Murphy found the same situation to exist in other counties for he stated: "Road equipment is not infrequently duplicated in the counties. In Wichita County two rock crushers are owned by two different precincts. In one precinct the amount of rock needed for one year can be crushed in two weeks, and in the other the crusher is needed for only ten days out of the year. In Tarrant County a road-roller owned in one precinct would not be loaned to an adjoining precinct for finishing a road traversing the two precincts." ¹⁷

It is interesting to note that virtually all of the equipment owned by counties is motorized. Only six of the 38 counties reported that some horse drawn equipment was still owned and used. It is quite possible, of course, that counties owning no horse drawn equipment may sometimes hire teams for particular jobs. This tendency toward the use of motorized equipment is not surprising in view of the need for heavy tools in building and maintaining adequate roads. It is surprising, however, that one county owns no motorized equipment at all. This situation is explained by an unfortunate investment in a tractor some years ago. As related by the county judge, the tractor purchased was so large and clumsy that it couldn't be turned around on any of the county roads without taking down some farmer's fence. Neither could the tractor be safely driven across the county bridges. Consequently, the commissioners' court soon disposed of the large tractor by trading it for a smaller "used" tractor. But the smaller tractor was, in reality, worn out, and the constant repair bills caused the commissioners' court to stop using it and to rent a shed where it was safely stored. Eventually the owner of the shed was given the tractor to satisfy the claim for rent. At the election following this episode all four commissioners were defeated, and subsequent commissioners' courts have consistently refused to purchase motorized equipment.

From the standpoint of efficiency there is no doubt that local roads should be handled on a county-wide basis, and there are numerous instances in which the county itself is probably not large enough to be an efficient unit. The actual work should be under the direction of one competent man who should be subject to the authority of the commissioners' court. The management of men and materials on a county-wide basis under a competent engineer would allow standardization of machinery, centralized purchasing, the operation of a central repair shop for machinery and equipment, and the accumulation of accurate financial records showing the cost of construction and main-

17 "County Government and Administration in Texas," University of Texas Bulletin No. 3324 (1933), p. 204.

tenance of all types of roads in the county, as well as the costs of operating various pieces of equipment.

Protection to Person and Property

This function includes the work performed by the sheriff, constables, justices of peace, court reporter, county attorney, and district clerk. The fact that these officers are elected by the voters of the county, for the purpose of enforcing laws made by the State, places them in a peculiar position. Quite frequently an officer finds that his duty and his interests do not coincide. His duty is to enforce the state law, but his personal interest as regards re-election is frequently best served by neglecting such enforcement. This situation arose in some instances under the prohibition law because the people of many localities did not want complete observance. Consequently, if any officer made a determined effort to secure enforcement, he was usually defeated at the next election.

The suggestion at once comes to mind that somehow a system should be devised which would reward an official for the performance rather than the neglect of his sworn duty. If laws exist which are obnoxious to the majority of the people, enforcement should lead to their speedy repeal. This process should be preferred to the present plan under which obnoxious laws are half-heartedly enforced, thereby discriminating against a few violators while others, equally guilty, go unpunished. Local officials should welcome this procedure though many would at first oppose it because of their interest in the present organization and their reluctance to embrace any plan which might adversely affect these interests.

The preceding comments have been made from the standpoint of the county, but the interest of the State should not be ignored. It is especially significant that when the locally elected official fails to enforce the law, the State has little recourse. The sheriff, the county attorney, the justice of the peace, and the constable are constitutional officers subject, in the last analysis, only to the will of the electorate and therefore as independent as political expediency will permit. The authority that the courts have to remove a local official is virtually a dead letter, in practice, as has been repeatedly demonstrated in Texas and elsewhere. Only the most gross violations of ethical conduct ever reach the courts and these involve no more than a minute fraction of the defections against good administration. What is needed in order to secure proper enforcement of the law is an adequate force of well qualified officers given sufficient administrative supervision by a state agency. This statement is based on the conclusion that incompetent officers working through a poorly organized system are chiefly responsible for lax law enforcement. Compared to these two factors, the occasional dishonest officer is of minor consequence.

A distribution of the expenditures of the 38 counties according to function indicates that 5.5 per cent was used for protection to person and property. This does not include the indebtedness on county jails

and consequently does not represent the full cost. It is also true that the cost in this case does not adequately express the importance of this function. In order to secure proper law enforcement it may be advisable in some cases to increase expenditures for this work.

With the exception of the court reporter and county attorney, there are no qualifications prescribed for any of these officers, and very little supervision of their activities following election. The justices of the peace and the constables are precinct officers elected from four to eight precincts within each county. They were originally provided because it was necessary to take the law to the people. That is, each community wanted and needed a peace officer and a court in which to settle neighborhood disputes. All-weather roads had not been developed, and 20 to 25 miles was a day's journey. Consequently, the precinct officers were necessary and desirable. They served a useful purpose in a pioneer society.

Today the situation is very different. County seat towns have developed and roads radiate to various communities. Most of the people make frequent trips to the county seat, and usually prefer to have cases tried there. Moreover, in the typical rural county the majority of the lawyers live at the county seat and file their cases in the justice of the peace court located there. For one reason the county is required to furnish this justice an office and court room, but the other justices have to provide their own quarters. Consequently, as the situation works out, the justice at the county seat handles virtually all of the cases through his own court, and the other justices of the county frequently bring their occasional cases to the courthouse for trial. This means that there is no need for the continued election of justices of the peace by precincts since one justice court for the county can handle all the business. Substantially the same thing is true of the constable. Usually the constable at the county seat is able to make a living from his office. But the other constables have to make a living at some other type of work. Frequently they resent being asked to leave their job to help enforce the law, because there is no assurance that they will be paid for their time.

There is another aspect, however, that merits comment. The justice courts have sometimes been described as the poor man's courts in which minor disputes may be settled at little expense. Investigation discloses, however, that this statement is largely incorrect. Disputes are frequently appealed from the justice court to the higher courts, and the cost is not reasonable in view of the results. Dr. Wallace C. Murphy commented as follows regarding this situation: "Instead of the justice courts being 'peoples' courts', they are a medium by which petty officers may make a living." According to his findings the vast majority of misdemeanor cases tried in these courts resulted in fines of \$1.00 and costs ranging from \$14 to \$22. If a prisoner is convicted and pays his fine the county collects \$1.00 plus a \$4.00 trial fee. But the county must pay \$2.50 to the justice for conducting the trial. In case the prisoner is acquitted or elects to lay out the fine in jail, the county

must pay the justice his fee anyway.¹⁸ Hence, there is usually no net income to the county from the operation of these courts.

The office of sheriff is subject to many of the same criticisms. In the eyes of the law the sheriff is the chief law enforcement officer of the county. But his duties are threefold, for in addition to enforcing the law he is the keeper of the jail and attendant at all courts of record within the county. In practice the latter duties are stressed while law enforcement in the sense of preventing crime and apprehending criminals is largely neglected. In view of this fact it is sometimes suggested that the sheriff be relieved of his law enforcement duties and made a court attendant and jail keeper. In this case the law enforcing duties would be placed upon a state agency organized for this purpose.

The situation found in one of the counties is a good illustration of what is possible under the present system. In this county there was evidently an agreement between the county attorney, sheriff, justices of the peace, and constables. According to an audit made by a certified public accountant and covering the period January 1, 1932, to April 30, 1935, the sum of \$5,102 was due the county from fines and costs assessed in justice of the peace courts. Four different sheriffs who served during this time owed the county \$458, \$1,442, \$234, and \$1,366, respectively. The remainder was owed by seven different constables in amounts as follows: \$962, \$281, \$133, \$126, \$65, \$25, and \$10. It is rather amazing that approximately 69 per cent of the total was owed by the four sheriffs, despite their capacity as the chief law enforcement officer of the county. The evidence is clear that in many cases a part or all of the amount was paid to one of the officers. Frequently, the docket showed such a memorandum as "paid \$5," or "\$5 paid," or "paid in full." These amounts had not been turned over to the county as the law requires. In addition to the notations on the docket, the county judge was able to secure affidavits from approximately 100 persons showing that they had partially or wholly paid the amount due. In all such cases the affidavit was accompanied by a receipt from the officer to whom the fine had been paid. One affidavit which was supported by proper receipts showed that a negro woman had paid \$29 on one case when the total fine and costs amounted to only \$14.75.

In addition to the irregularities in connection with fines and costs in justice of the peace courts, the auditor also reported that in some instances mileage had been charged for posting notices at the courthouse door. In this case the jail is only a few feet from the courthouse and the bulletin board is between the jail and the sheriff's office, and certainly at the seat of county government. This information was placed before the grand jury, but no indictment was returned. The lack of action is traced by other county officials to the county attorney, who is said to have advised the grand jury to take no action.

¹⁸ Murphy, Wallace C., "County Government and Administration in Texas," p. 232.

As to the management of the various county jails there is one very good source of information. The United States Bureau of Prisons periodically inspects county jails and reports their condition. This report is very comprehensive, and is used as a basis for determining the jails in which federal prisoners are to be quartered, and the fee that will be paid for this service. For the year ending June 30, 1935, there was an average daily population of 481 federal prisoners quartered in 37 Texas county jails. This was the highest federal prison population of any state for that period.

At June 30, 1935, 213 of the county jails in Texas had been examined by the federal prison inspector. Table 25 shows the latest rating given these jails by the federal inspector. These ratings are expressed in percentages of 100.

TABLE 25. Ratings of jails in Texas and in the United States.

Rating (In Percentage of 100)	Texas		United States	
	Number Inspected	Per-centage	Number Inspected	Per-centage
Under 50 per cent.....	155	73	1772	61
50 - 59 per cent.....	56	26	985	34
60 - 69 per cent.....	2	1	88	3
70 - 100 per cent.....	0	0	47	2
Total.....	213	100	2894	100

It is of interest to compare the Texas ratings with those for the entire country. Over the same period the Bureau of Prisons has inspected jails in 2,894 of the 3,096 counties, and 1,772 (or 61 per cent) of the 2,894 inspected were rated "under 50 per cent" whereas in Texas 73 per cent of those inspected was given this low rating. For the country as a whole 34 per cent of those inspected was rated "50 to 59 per cent" whereas in Texas only 26 per cent was given this rating. Likewise, for the entire United States 5 per cent of all jails inspected was rated 60 per cent or higher, whereas for Texas only 1 per cent received this rating. These ratings indicate very definitely that county jails over the United States are deplorably managed and that county jails in Texas are considerably worse than the general average.

The Bureau of Prisons gives local officials complete information on the jail conditions as reported by the federal inspector, and makes every effort to secure cooperation in improving the situation. Because of the difficulty in locating jails that measure up to a proper standard, all jails rating 50 per cent or better have been placed on the approved list and are, therefore, used to keep federal prisoners when the occasion arises. The files of the Bureau of Prisons contain many specific reports which disclose poor discipline, inadequate buildings, unsanitary surroundings, lack of employment, poor food, and lack of even the rudiments of medical attention and ordinary sanitation. Throughout all the examples of mismanagement cited, one common factor is the lack of qualifications

of those charged with the management of jails. For example, a news item about an escape from a Texas jail reads: "While a trusty was guarding the cells a prisoner held in the county jail walked nonchalantly up to the door, 'I'll go now,' he calmly announced. The obliging trusty opened the door and the prisoner walked out." Undoubtedly poor management prevails in that jail.

In summing up the situation an official of the Bureau of Prisons says, "If these jails are to be properly managed, special attention should be given to the selection of competent personnel trained in prison work. Otherwise, deplorable conditions will still prevail in many of them. The Bureau of Prisons will continue its program to improve conditions in the local jails where federal prisoners are boarded. Thousands of state and county prisoners, however, are committed daily to the jails which the Bureau of Prisons refuses to use, and has eliminated from those which are given current inspections. Not until the Bureau is assured that its requirements are met will inspection of these be resumed. It is apparent that the need for a unified system of jail control is undeniable, and it would seem appropriate for the American Prison Association to take a definite stand to promote the unification of the system under a central agency of each state."¹⁹

One fact which has not been mentioned so far is that many counties are probably not able to provide adequate jails. While no estimate has been made of the number of prisoners required in order to operate with a reasonably low cost, it is undoubtedly true that a certain minimum number is desirable. This does not mean that a county should strive to increase the number of prisoners in the county jail, but rather that consideration be given to the advisability of requiring counties to maintain a jail for a very few prisoners. Certainly the expense of constructing and keeping a jail in a usable state of repair is heaviest in those counties having fewest prisoners. According to the reports of sheriffs in 38 counties, the average daily prison population ranges from less than one in four counties to 90 in one county. The county having the lowest average daily prison population had a total of only 99 prisoner days for the year. This means that the jail was vacant almost 75 per cent of the time. Considering the entire group, the average daily prison population was 14.2.

While the cost per prisoner day of feeding and guarding was generally higher in the counties having the fewest prisoners, there is considerable indication that this was partially due to management. Thus, two of the counties which had an average daily prison population of 14 were among the four counties having the lowest costs. It is also true that the county having the highest average daily prison population (90) had a higher cost per prisoner day than 18 other counties. These costs, however, would mean much more if complete information were available as to the quality of jail service in each county.

19 Kinsella, Nina, paper read before American Prison Congress, October 30, 1935.

It is important to notice that three of the counties having very few prisoners have arranged with neighboring counties to keep them. Thus, Sherman County uses the Dallam County jail; Armstrong County uses the Potter County jail; and Real County uses the Uvalde County jail. According to the officials of all three counties the plan is quite feasible and results in a substantial saving. In each case the usual fee for feeding and guarding is paid to the sheriff of the neighboring county, but the costs of maintaining their own jail are lowered considerably. There is no doubt but that other counties could save money by following the example of these three. Certainly when an existing jail in one of the smaller counties reaches the point where it needs considerable repair, the possibility of using a jail in an adjoining county should be given careful consideration.

With regard to the interest of the State in jail management, one further item should be mentioned. Because of the crowded condition of State institutions, a considerable number of insane persons are kept in the various county jails for varying lengths of time awaiting their acceptance by the proper State institution. Sixteen counties reported that insane persons were kept in the county jails for periods ranging from a few weeks to several months. According to an incomplete survey made by the Board of Control in 1936, there are 443 insane persons in various counties. Presumably, these persons have been committed to the State but have not been accepted because of the lack of hospital facilities. These 443 insane persons were distributed as follows: 167 in county jails; 39 in custody of relatives; 20 out on bond; 31 cared for at county expense outside jails; 16 paroled to sheriff; and 170 whose whereabouts were unknown to county officials. This is an unfortunate condition because the counties do not have the facilities to care for the patients, and in practice they receive absolutely no treatment until they reach the state hospital. Under the law the State has agreed to care for the insane, but the legislature has not provided the money and the leadership necessary to handle the situation. This is a responsibility for which the legislature should provide at once.

Optional Services

In addition to the mandatory services which have been discussed, there are various optional services which some counties provide. Such services as county agents, libraries, and nurses are included in this category. No effort is made to compare the efficiency of these services for the reason that the portion of the total expenditures which they represent is very small. It is also true that county agents, librarians, and nurses are appointed and that they must satisfy certain requirements as to training and experience. Following appointment all such officials are subject to a varying amount of supervision. Hence, there is no doubt that these services are ordinarily more efficiently performed than those which are administered by the elected county officials.

Reorganization of Counties

The foregoing analysis of administrative processes and their relation to savings leads to the conclusion that in all counties, regardless of size, there is need for a change in the form of organization. Under the present system, counties that are large enough to furnish all desired services at a reasonable level of efficiency are unable to do so. That is, large counties are unable to completely take advantage of their size because the present form of government is not adapted to their needs.

The chief disadvantages of the existing form of government may be summarized as follows: (1) Too many officials are elected. This means that the voter is confused by a long ballot, that some clerical workers are elected who might better be appointed, and that salaries are not in accordance with services rendered. (2) There is no county executive; no one official has the authority to coordinate and supervise the work of all offices. As a consequence, each official traces his responsibility directly to the voters and not to an executive. (3) Policy formation and administration are confused. Policy formation involves the making of broad general decisions concerning the number and type of activities in which the county is to engage. The decisions to pave a road, to repair the courthouse, to establish a public health unit, or to change the tax rates are good examples of policy formation. All such questions are controversial. There is always room for differences of opinion. Hence, the officials who make such decisions should be elected in order to represent the people. All employees not concerned in policy formation should be appointed on the basis of merit. The election of officers whose work is chiefly clerical and not related to the formulation of policy should be avoided in so far as possible. Frequently, such officers must employ deputies who actually do the work. This is a costly way to handle detail which requires largely clerical or stenographic ability. Although a qualified officer is sometimes elected, there is no assurance that this will be the case. Unfortunately, there is little relation between the ability to win elections and the ability to do clerical work.

Policy formation and administration are also confused by electing county commissioners primarily as road commissioners rather than as members of the commissioners' court. The work of commissioners on the roads, as well as the salary scale involved, means that well qualified men are not attracted to the position because they would be obliged to make a financial sacrifice in order to accept a temporary position. On the other hand, those desiring the position because of the salary are apt to concentrate on road work to the detriment of other work which is equally important. (4) Legal and administrative work is combined to the detriment of both. The county judge presides over the county, probate, and lunacy courts. In these capacities he is a legal officer, although he is not required to be a lawyer. On the administrative side, the county judge serves as presiding officer of the commissioners' court. This body is not a court at all, but is the governing board of the county. Equally illogical is the whole legalistic conception of county government

as a system which can be operated by requiring county officers to take an oath and give a bond to perform certain duties, and by making them subject to action of the courts for non-performance. Experience has demonstrated that by the time the courts take action, the damage is beyond repair. Preventive, continuous, and informed supervision is needed in place of the curative, occasional, and uninformed supervision now exercised by the courts.

The use of this defective system results in excessive costs and general inefficiency throughout all offices. The solution lies in the adoption of a system designed to fit the needs of the modern community, a system which will be flexible enough to take advantage of the differences between counties. This is a problem all the states face in one degree or another. In fact, authorities in different states have suggested solutions which have much in common, but differ in degree. That is, the changes which are recommended in the form of county government in various states and by various persons in a particular state usually follow the same general pattern, but some go further than others.

These differences in degree are for the most part explained by the attitude one holds concerning the place of the county in the whole scheme of government. It has been pointed out many times that county government faces one of two alternatives. Either the county is continued as a wasteful, inefficient unit and the State is allowed to gradually take over its major duties, or the efficiency of the county is improved and it retains most of its present duties. During recent years there has been a tendency for the State to assume various duties which were formerly administered entirely by local authorities. Thus, the State has assumed direct control over the construction and maintenance of state highways, and has taken an increasingly important part in the management of free public schools. The trend is especially noticeable in these two services, and has resulted in tremendous improvements in both cases. In one state, North Carolina, the State has assumed direct responsibility for all roads and schools within its boundaries. In no other state has the trend advanced this far in local school administration, but the State has assumed control of all local roads in West Virginia, in all but three counties in Virginia, and in 21 counties in Tennessee. Likewise, the State has gradually taken a larger responsibility for health, welfare, and other services formerly administered entirely by local authorities.

Generally speaking, this trend is regarded as desirable, but there is much discussion as to how far it should go, and in what manner the resulting relations between the State and its counties should be organized. There is much need for a careful study of the work performed by all units of government in order to determine whether the State, the county, or some other unit is best suited to administer particular services.

No attempt is made in this presentation to discuss all the divergent views, but rather to suggest what appears to be the best solution in the light of existing circumstances. It is believed that the major improvement in local government, particularly in rural areas, must come through

the inauguration of continuous, informed, and helpful supervision of local officials by a qualified state agency or agencies. This means that the State must make certain changes in its own machinery in order to assume these duties. Such supervision will aid local officials in performing their recognized duties, and if properly handled should cause no resentment. In addition, the machinery of the county should be reorganized in order to take advantage of all the State has to offer in the way of administrative supervision of particular services. At the same time this reorganization should be designed to render the purely local services efficiently. Two of the forms that are believed suitable for rural counties are discussed in the following sections.

The County Manager Plan

Under the county manager plan a small board is elected to represent the people. The board in turn appoints a county manager and places upon him the responsibility of administering the services rendered by the county. In order to keep the lines of authority clear and definite, the manager is required to appoint his own subordinates, and to answer to the county board for their conduct. The county manager plan has the following distinct advantage as compared with the present system: (1) The county board deals only with the formulation of general policy, and leaves the execution of that policy to the county manager. Since the members need not devote their full time to the county affairs, better qualified men should be secured. (2) The county manager is the executive employed by the board to carry out its decisions. He is appointed for an indefinite term, but may be discharged by the board at any time. A qualified manager saves a great deal of money by employing the best methods available. (3) Since minor clerical officers are no longer elected, but are appointed by the county manager, definite qualifications may be prescribed, and the number of employees may be varied to suit the needs of the particular county. Employees may also be shifted from one office to another as the volume of work fluctuates. (4) The simplicity and responsiveness of the plan may be expected to stimulate interest in government. It is a democratic plan in terms of results, because the control runs directly back to the people along visible lines. Since responsibility is definitely placed and accompanied by sufficient authority to get results, any failure to achieve efficiency can be seen and immediately corrected.

The principle of the county manager plan is not radical; there is no need to fear that it is new and untried. Virtually everyone is familiar with a city in which the city manager plan has been successful. It may also be pointed out that the plan is very similar to that used in the independent school districts of Texas. These districts elect a board of seven trustees which in turn appoints a manager, in this case the superintendent. The board decides on matters of broad general policy and the superintendent, as the administrator, looks after the day to day management of school affairs.

In general, it is probably true that trustees of these independent districts are better qualified for their duties than are the county commissioners. It may also be enlightening for the individual citizen to compare his general attitude toward the schools with that toward the county government. Which of the two does he hold in higher regard? Which unit gives him the better return for his taxes? After answering these questions for himself, the citizen should remember that the board of school trustees and the superintendent have the responsibility and the authority to properly administer the schools, whereas the commissioners' court acting alone has the responsibility but not the authority to administer the county. Though the laws governing counties apparently give the commissioners' court considerable authority, the preoccupation of commissioners with road work, together with the direct election of other officials means that, in practice, substantial authority does not exist.

Savings Under County Manager Plan

The county manager plan should result in substantial savings as compared with the present form of government. The following estimate of savings is based on the average county of the sample group, a county of 20,000 population. (1) The most readily apparent saving is in salaries. For example, in 1933 the salaries of elective officials amounted to \$25,849 per county, and their deputy hire amounted to \$9,481. The total of these two salary items was \$35,330 per county. It is estimated that all the work performed by these elective officials and their deputies could be performed under the county manager plan for \$20,000 to \$25,000, or less, depending on the salary scale used. This saving amounts to approximately 30 to 40 per cent of such salary costs in the county of 20,000 population. In smaller or larger counties the absolute amount of saving would differ, but on a percentage basis, it should compare very favorably. (2) It is quite possible that the savings in purchasing supplies and equipment and in operating all county services would equal or exceed the savings in salaries. (3) A third important saving arises from increasing the efficiency of all services. This means that more and better services are received from the tax dollar, but it does not mean a reduction in the taxes paid.

Details of the County Manager Plan

Although substantial agreement exists as to the basic principles of the county manager plan, there is some difference of opinion concerning the specific arrangement. Most of this difference of opinion arises because of the peculiar position occupied by the sheriff, county attorney, and county judge. These officers are primarily responsible for the enforcement of state laws. Consequently, the question concerns the manner of their election or appointment. There is considerable evidence in support of the contention that such officers should be appointed directly by the proper state agency. The difficulty involved in such a recommendation is that the State is not prepared to exercise this authority at the present time. If, and when, the governmental organization of the State is revised in accordance with accepted standards, serious

consideration should be given to the possibility of appointing these officers by a designated state authority. Until such a reorganization occurs, it is probably just as well for these officers to be chosen locally. The following outline is suggested for the county manager plan in Texas.

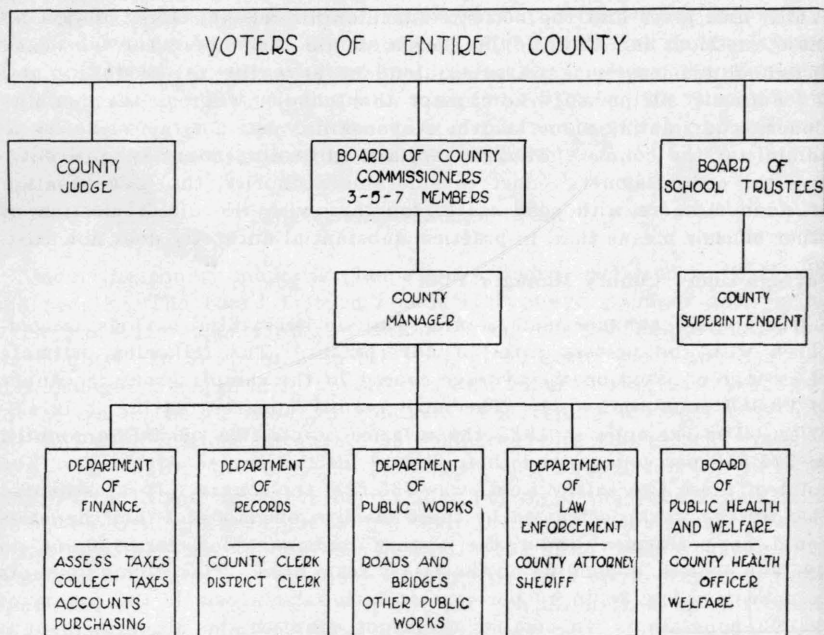


Figure 3. Organization Under County Manager Plan.

Under the county manager plan the following unnecessary officers would be eliminated: County surveyor, county treasurer, constables, and justices of the peace. The county judge is divorced from the board of county commissioners, and becomes solely a legal officer. In addition to the duties of the probate, lunacy, and county courts, he would also assume the jurisdiction of the justice courts. The county judge should be a successful practicing lawyer of several years experience.

The county manager should be chosen without respect to residence, and for an indefinite term. But the board of county commissioners would have the authority to dismiss the manager at any time his services proved unsatisfactory. The manager should be responsible for preparing and administering the budget in accordance with state law. He should also have the responsibility of preparing an annual report to the board of county commissioners and to the public.

The board of county commissioners would have the authority to contract for an independent audit at any time deemed desirable. But in case an audit is made by a state authority, there will likely be little need of a contracted audit.

All officers such as the agricultural agents, nurses, librarians, and others which may be provided should be responsible to the board of county commissioners through the county manager.

The county manager should have the authority to act as head of one or more of the departments when time permitted, or to place two or more departments under one head whenever conditions within the particular county make it desirable. This would allow the plan to work in both small and large counties.

The County Executive Plan

Under this plan, the county executive corresponds to the county manager, but has considerably less authority. Under the manager plan, the manager both appoints and supervises his subordinates. Under the executive plan the county board appoints the subordinates, but the executive supervises and coordinates their activities. Thus, the county board, under this plan, has the authority to determine policy, and in addition may take as much responsibility as it likes for the actual administration. The other details of the plan should be the same as those outlined for the county manager plan. Figure 4 shows the county executive plan.

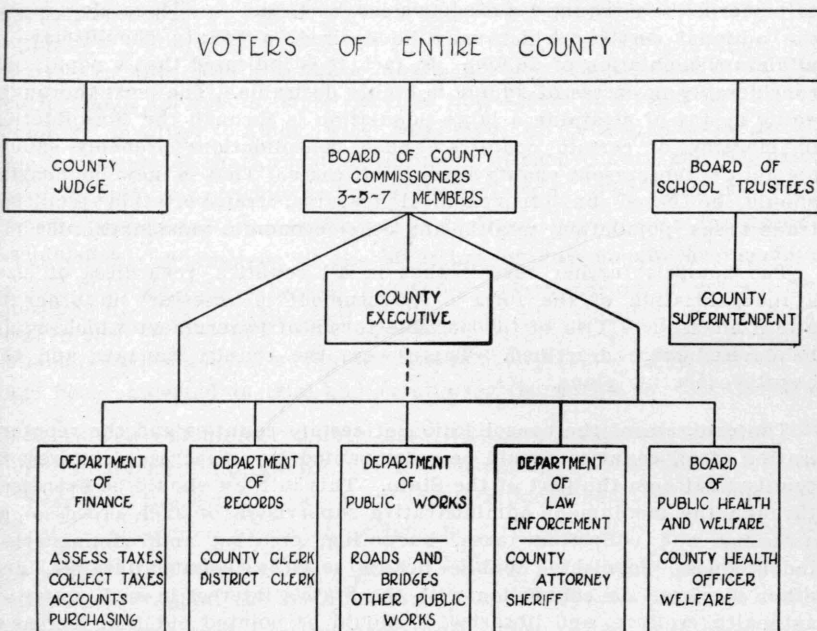


Figure 4. Organization under County Executive Plan.

The argument generally advanced for this plan is that it is possibly more suitable for the smaller counties which may not need the services

of a full time manager. In this case one of the department heads may be used as the county executive. As a matter of fact, however, this argument is weakened by the fact that the smaller counties probably need the services of a competent administrator even more than the larger counties do. Of course, if the county board chooses to do so a capable administrator may be employed or developed under the county executive plan.

SUMMARY OF RECOMMENDATIONS CONCERNING COUNTY GOVERNMENT

The foregoing analysis of county government has revealed two main points. In the first place, the problem is many-sided and, therefore, must be approached from several angles. In the second place, the problem does not lend itself to one solution. It has, therefore, been necessary to devise a combination of solutions in order to fit the varying circumstances.

The common goal sought in all counties is that of supporting all the necessary or desirable services at a reasonably low cost, and that of managing them according to the best available administrative methods. The analysis of actual operating expenditures has revealed that in order to perform their required duties at a low cost, and to adequately support the optional services which may be desired, a county should have a minimum population of 20,000. In fact, it is indicated that a population considerably in excess of 20,000 is highly desirable. The most thoroughgoing means of attaining a large population is through the consolidating or merging of certain counties. Such consolidations probably should not follow the present county lines in all cases. That is, new boundaries should be based on topographical features, transportation facilities, trade areas, population, wealth, and other economic considerations.

The analysis further reveals that in all counties, regardless of size a reorganization of the form of government is necessary in order to attain efficiency. Two of the possible forms of government which might be devised were described. These were the county manager and the county executive plans.

The program of the consolidation of certain counties and the reorganization of all counties should be accompanied by an increased interest in county affairs on the part of the State. This interest should be expressed through the medium of administrative supervision of such processes as assessing and collecting taxes, budgeting, creating and administering indebtedness, furnishing public health services, county libraries, and other services. In connection with the State's interest in such activities as health, welfare, and libraries, it should be pointed out that increased state appropriations will likely be necessary in order to get these services established and to keep them operating on an efficient level. At present the State appropriates very little for health work and nothing for county library facilities. The program of consolidation of weak counties, re

organization of all counties, and state administrative supervision and financial aid, is regarded as the most thoroughgoing plan of improvement.

There are, however, many obstacles to be overcome before an actual consolidation of counties may be secured. First of all, people take pride in their county name and do not want to give it up. Secondly, each county seat town wants to retain its courthouse, and thus the problem of relocating the county seat provokes considerable controversy. Thirdly, there is the problem of disposing of the old courthouses. In the fourth place, under present laws counties might lose a portion of their automobile license fees. (Under the present law, the first \$50,000 goes to the county. If the larger area increased the collections to the one county by a sufficient amount, it would have to be shared with the State.) For these, and other reasons, consolidation would be difficult to effect. In view of this situation it is necessary to approach the same end by another method.

If counties cannot be consolidated, then in order to secure a population large enough to support a particular service, it will be necessary for two or more counties to cooperate in furnishing some particular service or services. This cooperation may be achieved in one of two ways. The counties may voluntarily agree to pool their resources in supporting a service. This type of cooperation is called functional consolidation. Cooperation may also be secured by direct action of the State. In this case the State would group several counties for the performance of one or more services and assess the costs against the counties involved. Along with this plan, of course, should go the reorganization of the form of government in each county and the extension of state supervision and possibly state aid. The latter system is in the nature of a compromise. It is justified, however, on the grounds that almost all changes in the structure of government are made as a result of a gradual process extending over a period of years. This gives citizens an opportunity to accustom themselves to the change. There is the additional advantage that any change made by this method has been subjected to trial and error over the period of time involved.

It is well to note, in connection with these suggested changes, that no system can continue to function efficiently over a period of time unless it is supported by an alert and intelligent body of citizens. The creation of such a group of citizens is a responsibility of the schools, the public officials, and the press. Judging by experience under the city manager plan, the installation of a more efficient form of government may be expected to increase the interest of the general public in the problems of government.

SUMMARY AND CONCLUSIONS

In this study of the possible savings through changes in local government, complete schedules of revenue receipts and expenditures were collected for 38 typically rural counties and their 1,130 school districts. This information is confined to the calendar year 1933 for the counties and to the school year 1932-1933 for the schools. In addition to the financial data, considerable information was also accumulated concerning the number and qualifications of employees, budgeting, purchasing, custody of funds, maintenance of roads, protection to person and property, and other governmental activities.

The combined revenue receipts of the 38 counties and their 1,130 school districts amounted to \$13,749,639. The ad valorem tax was the most important source of revenue in both the counties and the schools. The total expenditures of the counties and school districts amounted to \$14,199,209—or \$449,570 more than the receipts. Both receipts and expenditures were approximately evenly divided between the counties and the schools.

This study reveals substantial differences in the ability of the different counties and school districts to maintain adequate facilities. When either unit falls below a certain size, it becomes unduly expensive to operate, and the number of services provided is limited to a minimum. If such a unit attempts to increase the services beyond a minimum number, the lack of financial support stifles their development.

For example, more than 50 per cent of the 7,794 schools maintained by the 6,200 common school districts in Texas provide one or more years of high school work. But according to the State Board of Education, not more than a dozen of these schools are recognized as accredited high schools. Consequently, the credit received in such schools is not recognized by colleges or other high schools except when established by examination or by special work in an accredited high school. This situation is so discouraging to the students that many fail to complete their high school course, or fail to go any further. It is particularly significant that a majority of these students live in close proximity to an accredited school, to which a proper reorganization of districts in each county would give them access.

The State Board of Education has accepted the responsibility for preparing a reorganization plan for the free public school system of each county. The resulting recommendations should be put into effect as rapidly as possible. In addition to the reorganization of school districts, certain other changes are desirable. In the first place, the state apportionment and all other state money should be used to equalize and improve educational advantages over the State. This might be accomplished by withholding payment until certain minimum standards had been met. In the second place, both the state and county superintendent of schools should be appointed on the basis of merit and should hold the office as long as their services are satisfactory. Substituting appointment

for election should encourage qualified men and women to accept these positions.

The analysis of county expenditures reveals three important points: (1) Many of the smaller counties have insufficient resources to maintain adequate services without increasing costs tremendously as compared with those of the larger counties; (2) the plan of organization should be improved in all counties; and (3) the State should take an increased interest in and responsibility for the work performed by the counties.

In order to secure counties which have sufficient resources to maintain the necessary and desirable services at a reasonably low cost, some of the smaller counties should be consolidated. It is believed that such a consolidated county should have a minimum population of 20,000 and a minimum assessed valuation of \$10,000,000 to \$12,000,000. It is important to note, however, that counties having larger populations and assessed valuations are desirable whenever they can be secured. Certainly counties of 50,000 to 60,000 population are not too large. The possibility of securing adequate services at a reasonable cost should be greater in the larger counties than in those which barely meet the minimum standards.

The savings from consolidation are largest in the counties having less than 5,000 people, and they gradually decrease as the county increases in population. Apparently these savings become insignificant after a population of 35,000 or 40,000 is reached. It is estimated that consolidation would save \$2.91 per capita in counties having less than 5,000 population. This amounts to \$14.55 per family. It also amounts to 21 per cent of the total cost of county government, 25 per cent of the current or operating costs, and 63 per cent of the costs affected by consolidation.

The difficulty of securing the consolidation of counties has led to the development of a type of cooperation called "functional consolidation." It involves the voluntary agreement of two or more counties to pool their resources in order to provide a particular service. Eleven of the 38 sample counties were cooperating with 13 other counties, on this basis, in 1933. In addition, there were 76 cases of cooperation between a county and another governmental unit within its boundaries. These examples testify to the willingness of public officials to cooperate under certain conditions.

The analysis of costs and services further reveals that in all counties, regardless of size, the plan of organization should be changed. This might be done by adopting either the county manager or the county executive plans. The chief difference between the two plans is that the former requires the manager to select and supervise all subordinate employees, whereas the latter requires the governing board to select subordinate personnel, but makes the executive responsible for supervising their work. Either plan is capable of rendering excellent results, and the savings should be similar.

Estimates of absolute savings under these plans must necessarily vary with the conditions obtaining in the particular county; hence no general statement can be made. But an analysis of expenditures in counties of 20,000 to 25,000 population indicates that a saving of \$10,000 to \$15,000 in salary costs alone would be quite possible. Another saving would occur in the purchasing of supplies and in the operation of roads and bridges and other services. In many instances this saving should be as important as the savings in salaries. Still another but slightly different type of saving should arise from the increase in efficiency of services rendered. This would not be a saving in the sense of reducing taxes, but it would be a saving in terms of securing additional or improved services for the same money.

In addition to the consolidation of certain counties and the provision of an improved plan of organization, certain other changes are desirable. These changes must come chiefly through state administrative supervision of local units. Because of its superior resources and because of the mutual dependence of the State and local units, the State should take more interest in and more responsibility for the management of local affairs. Thus, the State should take the lead in developing improved practices in budgeting, accounting, and auditing; in assessing and collecting taxes; and in creating and administering indebtedness. These duties might well be given to a special bureau of local affairs which should be set up for this purpose. Such a bureau should not be an additional expense, but should save several times its cost annually. In addition, the State should take an active part in securing better qualified officials and employees, and in securing better enforcement of state laws.